FISCAL YEAR 1994 FEDERAL OPERATIONS BUDGET OF THE FEDERAL AVIATION ADMINISTRATION

(103–24)

Y 4.P 96/11:103-24

Fiscal Year 1994 Federal Operations... G

BEFORE THE

SUBCOMMITTEE ON AVIATION

OF THE

COMMITTEE ON
PUBLIC WORKS AND TRANSPORTATION
HOUSE OF REPRESENTATIVES

ONE HUNDRED THIRD CONGRESS

FIRST SESSION

JUNE 30, 1993

Printed for the use of the
Committee on Public Works and Transportation

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JACK SCHENENDORF *Minority Staff Director*

MEMORANDUM

TO: Members of the Subcommittee on Aviation

FROM: Committee's Aviation Staff

DATE: June 25, 1993

RE: SUMMARY OF SUBJECT MATTER for Aviation Subcommittee hearing on the FEDERAL AVIATION ADMINISTRATION'S OPERATIONS BUDGET, June 30, 1993.

The Subcommittee will receive testimony on the impact on the Nation's aviation system of a budget freeze on Federal Aviation Administration Operations.

A freeze in FY 1994 and beyond has been proposed by the President as part of his five year budget deficit reduction and economic plan. Budget allocations made under the FY 1994 Budget Resolution assume such a freeze. While making some changes in what the President proposed, the House Committee on Appropriations-reported the FY 1994 Department of Transportation appropriations bill also contains an overall freeze on FAA Operations.

The President's budget reduction and economic plan assumes level funding for FAA operations over the five year life of the plan. Because of inflation, level funding will support fewer employees each year. Level funding or a freeze would mean, in budget parlance, dipping below the "current services baseline" a little more each year. A current services baseline is the level of funding projected to perform the same level of activity or service in the future taking account of inflation and other non-discretionary cost-of-doing-business adjustments. If held level over five years, FAA's operations budget, from a practical standpoint, would be on the order of 15% below what it is today. It appears that over the long term, the agency would have to make some fundamental changes in how it delivers its services and functions to the public, because its current approach has presumed year-over-year funding increases to add personnel in critical areas to respond to the increasing demands of the aviation system. Future demands will likely have to be met by means other than personnel growth, given the budget constraints at hand. The hearings will focus on how the agency will adjust its programs to take account of a freeze for the next few years.

I. FAA OPERATIONS ACCOUNT

FAA Operations funds a wide variety of activity associated with day-to-day management and operations of the nation's air traffic control system as well as safety regulation of all facets of aviation. The current FAA Operations annual budget is $4.539 billion. The Airport and Airway Trust Fund provides $2.79 billion (50%) with the balance coming from general funds. The agency employs approximately 50,000 people, most of whom are deployed in local and regional air traffic control and safety inspection facilities throughout the country. Three fourths of the personnel are involved in the operations or maintenance of the air traffic control system.

The following table illustrates staffing levels and funding for the different functions under the Operations account in the FY 1994 President's proposed budget.

FAA Operations
FY 1994 President's Budget Proposal

Function	Functional Description	Authorized Positions	Enacted Funding (in $ millions)
Operation of Air Traffic Control System	Salaries and related costs of controllers, flight service stations specialists, managers, and support personnel.	27,386	$2,084
Maintenance of Air Traffic Control System	Salaries and related costs of technicians, managers and support personnel responsible for maintenance of FAA's air traffic control, navigation and communications equipment.	10,991	$847
Aviation Regulation & Certificate	Salaries and related costs associated with assuring the airworthiness of aircraft; certifying pilots, mechanics, and other aviaiton technicians; and development, administration, and enforcement of safety standards and regulations.	5,420	$334
Leased Tele-communications	Leasing of over 25,000 private communication links to transmit voice, radar and computer signals between FAA facilities.	------	$323

(table continued on next page)

Human Resources Management	Salaries and related costs of administration of FAA employee recruitment, training, and compensation.	1,533	$283
Direction, Staff & Supporting Services	Salaries and related costs of activities such as overall agency management, public affairs, policy and planning, legal needs and administrative supplies.	1,434	$157
Aviation Standards	Salaries and related costs associated with monitoring the accuracy of air navigation beacons; development of standardized flight procedures; operation of aircraft and airmen registry; issuance of medical certificates; and accident investigations.	1,414	$122
NAS Logistics	Logistical support for the Capital Investment Plan (air traffic modernization) after new equipment is procured, such as acquisition of spare parts.	1,389	$171
Civil Aviation Security	Salaries and related costs associated with activity and personnel responsible for developing and enforcing civil aviation security standards and regulations; making assessments of foreign airports used by U.S. airlines; and assisting law enforcement agencies in the interdiction of drugs smuggled by aircraft.	1,031	$70
Headquarters Administration	Salaries and related costs associated with FAA's Washington headquarters administrative functions.	574	$53
Administration of Airports Program	Salaries and related costs associated with the agency's airport programs including planning, system capacity enhancement and safety certification, and administration of the AIP grant program.	550	$41
NAS Design & Management	Salaries and related costs associated with administrative and technical leadership of the Capital Investment Program, international aviation activity associated with development of a global air traffic control system, and environmental and energy related matters before the agency.	529	$55
Total		52,251	$4,539

Typically, on-board employment runs approximately 95% of the authorized positions.

II. FY 1994 FUNDING

Congress has not yet enacted appropriations for FY 1994, but it appears likely that there will be funding at a level that amounts to a freeze in the FAA Operations budget in FY 1994 because of general budgetary constraints.

The FY 1994 President's budget request for FAA Operations is $4.576 billion. Maintaining a current services level of funding would require approximately $4.698 billion – $122 million or 3.5% more.

The following table illustrates a comparison of staffing and funding in the functional categories between the current year and the President's budget.

FAA Operations Functions
Staffing and Funding
FY 1993 vs FY 1994

	Staffing			Funding (in $ millions)		
Function	1993	1994	% Change	1993	1994	% Change
Operations of Traffic Control System	27,386	26,756	-2.3%	$2,084	$2,107	+1.1%
Maintenance of Traffic Control	10,991	10,579	-3.7%	$847	$866	+2.2%
System Aviation Regulation & Certification	5,420	5,348	-1.3%	$334	$343	+2.8%
Leased Telecommunications	—	—	—	$323	$315	-2.4%
Human Resources Management	1,533	1,457	-5.0%	$283	$273	-3.5%
Director, Staff, & Supporting Services	1,434	1,434	—	$157	$158	+0.6%
Aviation Standards	1,414	1,346	-4.8%	$122	$116	-4.3%

NAS Logistics	1,389	1,323	-4.8%	$171	$175	+2.4%
Civil Aviation Security	1,031	997	-3.3%	$70	$69	-0.5%
Headquarters	574	574	—	$53	$52	-0.9%
Admin. of Airports Program	550	522	-5.1%	$41	$41	–
NAS Design $ Management	529	529	—	$55	$59	+5.8%
Total	52,251	50,865	-2.7%	$4,539	$4,576	+0.8%

As the table illustrates, even though the funding levels in the various functions between 1993 and 1994 are flat, slightly up, or only slightly down, this translates into personnel reductions in virtually every category higher the funding decrease. In a labor intensive account such as FAA Operations, falling below "current services" from a budgetary standpoint translates into personnel cuts, because of inflation and non-discretionary upward adjustments in pay.

The freeze anticipated for FY 1994 comes after a long string of year-over-year increases in FAA Operations. In 1980, the Operations budget was $2.17 billion. Through the current year, average annual increases have been 7.8%, well above maintaining current services.

Much of this funding increase has been enacted to increase staffing of certain critical workforces. Between 1981 and 1992, the FAA was rebuilding its air traffic controller workforce which had lost 11,500 controllers when President Reagan fired those who refuse to return to work after an illegal strike. Similarly between 1984 and 1992, increased FAA Operations funding provided for increases in the safety inspection workforce after severe cutbacks in the early 1980s. Terrorist actions against civil aviation also prompted multifold increases in FAA security specialists from the mid-1980s to the present. Air traffic control maintenance technicians and aircraft certification personnel were also increased during the 1980s. These particular workforces will be discussed in greater detail later.

The current FY 1993 funding level represents a peak in FAA funding and staffing. The FY 1994 budget proposal and anticipated Congressional action represents the other, or downside, of that peak. The following is a quotation from President Clinton's five year economical budget plan, "A Vision of Change for America" issued in February, which explains the Administration's rationale for holding FAA operations level.

> "*Transportation/Federal Aviation Administration streamlining.* Major growth has occurred in the budget of the Federal Aviation Administration (FAA) to upgrade operations following the 1981 firing of almost 10,000 striking air traffic controllers. The controller work force has been reestablished. In addition, air traffic growth has slowed. These factors lead the Administration to propose a modest decrease in operational funding. This reflects reduced requirements as the agency transitions from a period of rapid growth to one of maintaining existing operating levels in the face of slowed aviation traffic growth."

While the Administration's rationale is predicated on "slowed aviation traffic growth", the FAA estimate for revenue passenger miles grows more rapidly in the 1994-1998 timeframe (21.5%) compared to 16.8% growth expected in the 1988-1993 period. The FAA forecasts approximately 7-9% increase in the 1994-1998 period in aircraft operations under FAA control. Growth in this area during the 1988-1993 period is expected to be approximately 6.75%. So, by the FAA's own forecasting there is not anticipated to be traffic growth that is substantially less then what has been recently experienced; to the contrary, traffic growth is forecast to increase at a higher rate in the near future compared to recent past.

III. SPECIALIZED WORKFORCES

The Subcommittee has had long standing interest in several specialized workforces because of their critical nature to the safe and efficient operation of the aviation system. These workforces are:

- Air traffic controllers
- Aviation safety inspectors
- Civil aviation security specialists
- Air traffic control maintenance technicians
- Aircraft certification staffing

The following table illustrates trends in these workforces in recent years. Generally peak employment was reached in FY 1992 or FY 1993 with a dip below the peak in FY 1994.

Specialized Workforces
End-of-Year Employment

	1988	1989	1990	1991	1992	1993 EST	1994 EST
Controller Workforce	16,436	16,832	17,226	17,721	17,982	17,871	17,871
Flight Standards Workforce	2,909	3,193	3,479	3,571	3,481	3,479	3,441
Aircraft Certification Workforce	733	751	806	854	837	862	848
Civil Aviation Security	478	511	627	810	852	881	852
Field Maintenance Workforce	8,646	8,687	8,904	8,994	8,995	9,160	8,923

Source: Federal Aviation Administration; Budget in Brief, Fiscal Year 1994

While these workforces are presently at peak or near-peak, there remains a shortfall in each of these workforce areas when measured against the FAA's internal staffing standards. Staffing standards are the level of staffing the agency has determined to be the optimal level needed based on the workload placed on these workforces by such demands as aircraft movements, inspections that need to be conducted, or the number of repairs to maintain certain levels of equipment reliability. The following chart compares FY 1994 end-of-year employment with the FAA's staffing standard for each of the specialized workforces.

Specialized Workforces Staffing Standard
FY 1994

	End of Year Employment	Staffing Standard	% Employment/ Standard
Controller Workforce	17,871	18,935	94%
Flight Standard Workforce	3,441	4,168	83%
Aircraft Certification Workforce	848	1,015	83%
Civil Aviation Security	852	1,310	65%
Field Maintenance Workforce	8,923	12,719	70%

IV. SPECIFIC BUDGETARY CHANGES PROPOSED FOR FY 1994

The following table summarizes the budgetary decisions made in the President's FAA Operations Budget.

Summary Table
President's FY 1994 FAA Operations Budget
(in $ millions)

FY 1993	Total Non-Discretionary Adjustments	Program Increases	Administrative & Program Reduction	FY 1994
$4,538	+$97	+$67	-$126	$4,576

The following are the significant proposed budgetary savings for FY 1994 proposed by the President. Also discussed are the changes recommended by the House Committee on Appropriations in the FY 1994 DOT Appropriations bill.

- o Personnel Reductions- The Administration proposes to reduce personnel in FAA Operations by 1,386 for a savings of $44.245 million. Some of the highlights are:

  - Reduce Flight Service Station Specialists from 3,241 to 3,069 (-172) by the end of FY 1994. These specialists provide weather briefings and flight plan filing services to general aviation pilots. The Administration's justification for the reduction is based on reduced flight service requests by the public.

  - Reduce Air Traffic Assistants from 747 to 602 (-145). Air Traffic Assistants manage data about flights in air traffic control centers and towers which would have to otherwise be done by controllers.

  - Reduce Air Traffic Managers, Supervisors, and Staff from 2,486 to 2,405 (-81).

  - Reduce Air Traffic Control Field Maintenance Technicians from 9,160 to 8,923 (-237). These technicians repair and maintain air traffic control equipment. The House reported appropriations bill would keep these technicians at the FY 1993 level.

  - Reduce Aviation Safety Inspectors from 2,505 to 2,472 (-33). The House reported appropriations bill would keep safety inspectors at the FY 1993 level.

  - Reduce Agency Personnel Training Expenses by $10 million (-3.5%)

- Terminate Pay Demonstration Project early for a savings of $20 million. The Pay Demonstration Project was a 5 year experiment to see if a 20% pay differential would improve staffing at hard-to-staff air traffic facilities. The project currently is set to expire in June 1994. The proposal would terminate the Project on September 30, 1993. The House reported DOT Appropriations bill continues the project through June 1994.

- Discontinue subsidizing general aviation pilots' use of Direct User Access Terminal Services (DUATS) for a savings of $11 million. DUATS enables general aviation pilots to use personal computers to obtain weather information and flight plan filing services. The Administration believes pilots will either use other no-cost means to obtain flight services from FAA Flight Service Stations or pay for the services through private vendors.

- Administrative cost and travel reductions would save another $35.36 million.

The total savings from all actions would be $125.7 million.

The House Committee on Appropriations did not agree with some of these program reductions, and has recommended other reductions in order to fund the pay demonstration project, maintain ATC field technicians and safety inspectors at the 1993 levels, the House reported DOT appropriations bill specifies or assumes the following specific reductions beyond those proposed by the Administration.

- Limit contract maintenance on the Advanced Automation System to the 1993 level (-$21.1 million).
- Reduce leased telecommunication services (-$2.8 million).
- Hold the NAS Design and Management function to 1993 level (-$3.2 million).
- Reduce the administration of airports function (-$3.9 million). Included in this reduction is a $900,000 cut in the amount of staff work answering Congressional inquiries about airport projects.
- Reduce Civil Aviation Security Function from proposed $69 million to $60 million (-$9.0 million).
- Combine the budgetary functions (Direction, Staff and Supporting Services; Human Resource Management, and Headquarter Administration) into a single Management and Administrative function for reduced overhead savings (-$2.6 million).
- Reduce headquarters staffing in specific targeted areas (-$5 million).
- Make further reductions in travel, contracted studies, FAA Technical Center funding, and support contracts on the Advanced Automation System (-$16.7 million).

The Administration also proposed $67 in million program increases. The highlights are as follows:

- Permanent change of station funds are increased by $10 million to permit 231 more personnel moves over 1993 (approximately a doubling) to fill critical vacancies in air traffic facilities.
- An additional $5 million over the FY 1993 level ($62 million) is proposed to field new air traffic control equipment.
- Expand contract maintenance $21 million over FY 1993 level ($37.4 million) related to the Advanced Automation System program. As mentioned earlier, the House reported DOT Appropriations bill would cut this expansion so that other proposed decreases would not have to be made.
- Increase by $4.2 million funds to take over air traffic facilities at military bases being closed.
- Increased funds for leased telecommunications by $17.2 to cover new communication facilities and systems brought on by modernization program. As mentioned earlier, the House reported appropriations bill cuts this by $2.7 million so that some of the Administration proposed decreases would not have to be made.

IV. ANTICIPATED WITNESSES

- Honorable Mortimer Downey
  Deputy Secretary
  Department of Transportation

Representatives from the following organizations are also expected to testify:

- General Accounting Office
- National Air Traffic Controllers Association
- Federal Managers Association
- Professional Airways Systems Specialists

FISCAL YEAR 1994 FEDERAL OPERATIONS BUDGET OF THE FEDERAL AVIATION ADMINISTRATION

WEDNESDAY, JUNE 30, 1993

House of Representatives,
Subcommittee on Aviation,
Committee on Public Works and Transportation,
Washington, DC.

The subcommittee met, pursuant to call, at 9:49 a.m., in room 2167, Rayburn House Office Building, Hon. James L. Oberstar (chairman of the subcommittee) presiding.

Mr. Oberstar. The Subcommittee on Aviation will please come to order.

Our hearing today is to review in some depth the implications of funding of the FAA's operations budget, specifically the freeze that is proposed both by the administration and by the House Appropriations Subcommittee on Transportation.

The administration has proposed holding at level funding the operations budget as part of the five-year deficit reduction and economic recovery plan the administration has proposed to the country and to the Congress. According to the Clinton administration's proposals, this level-funding approach would save in the range of $500 million over the next five years.

While the fiscal year 1994 appropriations for FAA are still moving—that might be too generous a word—or crawling through the appropriation process, given the discussions and agreements entered into yesterday by the leadership of the Public Works Committee with the Speaker, Majority Leader, Appropriations Committee, Rules Committee and assorted others, it won't come up until after the July 4th recess.

Clearly, the committee's funding bill will freeze operations at least in fiscal year 1994 and no doubt beyond that because once you establish the baseline for a particular fiscal year, that baseline has a ripple effect out into the future.

We saw a decade of steady growth in the 1980s, with air traffic moving upward at a rate of 78 percent annually. Now the FAA is facing a no-growth budget, but there is no slowdown in the demands upon and expectations of the public for the FAA.

In the 1980s, FAA responded to increasing demands by increasing staffing in critical areas—whether air traffic control, safety inspectors, field maintenance technicians, or in the security area. But in the fiscal year 1993 and 1994 budgets, we have reached what appears to be sort of peaks in staffing and leveling off of staffing in these very same critical areas of FAA operations. By the end of 1994, it appears that the agency will be coming off those peaks in a number of areas and moving—possibly moving downward. Because if you have level funding and pay that is driven by in-grade increases and the erosion effect of inflation, then you begin sliding backward.

Level-funding is a misnomer. It really is a retreat.

Given that situation, the Department of Transportation and the FAA have to make some very critical decisions about how FAA is going to carry out its missions and perform its functions. They are going to have to make—both are going to have to make very important decisions about increased budgeting and staffing.

We don't expect either Deputy Secretary Downey or acting Administrator Del Balzo to give us a fully detailed plan of how the agency is going to cope. We do expect some thought process on the very important problems and challenges the Agency is facing ahead in the context of budget, and what I expect is going to be growth.

How are you going to carry out the functions of the FAA without harming them, without doing damage to safety, to operations, to efficiency of movement of people and goods in the air traffic control system, and to security?

Air traffic clearly is going to grow over the next five years. One thing about transportation projections is that all of the projections made, either in highway transit or aviation, have fallen short of what actually happened. I think you can say safely that air traffic will grow beyond what we project.

How is FAA going to handle the increase if it does not increase the controller work force, and increase the number of FPLs in that air traffic controller work force? New airlines are forming, and that is a trend which industry analysts expect to continue. The dynamics of new airlines with point-to-point service are going to put more demands on air traffic control, on towers particularly, but also on en route centers, and specifically more pressure on the inspection work force to maintain levels of safety.

How is FAA going to put 100 liters of wine in a 75-liter barrel, to borrow from an old Slovenian-Hungarian joke that I won't tell at this time. And I don't want to hear it wasn't easy, but we squeezed it in.

Field technicians who install and maintain air traffic control and navigation equipment are going to face an enormous challenge as new equipment from the capital investment plan comes on line. The aviation system has come to expect very high degree of reliability in air traffic control equipment. That expectation will not and should not diminish.

What are the FAA's plans to accomplish its mission of high equipment reliability with fewer maintenance technicians? In the safety area, we have seen in the last week events in New York and the Middle East that underscore the threat—that the threat of terrorism has not left us. Security personnel at FAA are already well below what is needed to ensure the level of security that the public expects when traveling. How is this critical mission going to be accomplished in the light of cutbacks? How is the security function going to be carried out effectively if the Office of Intelligence and Security in the Office of Secretary of Transportation is eliminated, as proposed in the fiscal year 1994 appropriations bill just recently reported? And will the administration stand up and fight for the retention of that office and for the funding that is necessary to carry out the functions of that office and carry out the coordination necessary with security at home and abroad?

The FAA needs to be bold and forceful in its efforts, as the Vice President is saying repeatedly to various government agencies, to reinvent government. I am just a little fearful that we might see them slip into the mode of just reawakening the past, instead of reinventing the future, by making only periodic and marginal adjustments. That may be all that can be done, given the time constraints and the level of funding approved by Appropriations Committee, setting forth a freeze in fiscal year 1994. But that even more forcefully underscores the need for current thinking and long-range planning to cope with the problems, to set forth a vision of the future of where this agency is going in the light of level or diminished resources. And I hope that we will be able to see a commitment to that effort today.

FAA does an extraordinary job of managing aviation safety, operating an air traffic control system. The public has come to expect exemplary performance and expects it irrespective of the budget problems. That is not a concern that most travelers have; they don't pick up their daily copy of the FAA budget and wonder how the Agency is doing this year, this month, or this quarter. They pay their taxes; they expect the system to run, and run well.

And the Congress expects it, and we wrote it into the 1958 reorganization and rechartering of the FAA, with no less than six references to safety. The fundamental charter for this agency, the direction that safety shall be maintained at the highest possible level, not at the margins, not only what we could afford, but safety at the highest possible level.

That has been my commitment; that has been Mr. Clinger's commitment. We worked arm in arm on that, toward that objective for the past decade; and we will continue to maintain vigilance. And I know that the professionals in the FAA feel the same way.

We need the administration to back them; we need the Congress to support adequate funding levels for them to carry out their mission.

Mr. OBERSTAR. Mr. Clinger.

Mr. CLINGER. Thank you, Mr. Chairman. I think you have very accurately and forcefully identified the scope and the seriousness of the problem that we are dealing with here in an era of diminished resources.

The FAA has certainly never been lacking for challenges, and the challenge that is faced now is certainly one of the more grave ones in my view. This year certainly seems to be no different as the Federal Government and the FAA begin to face the very real prospect of personnel reductions. Unfortunately for the FAA, we are going to have to meet these reductions—if they take place—while having to accommodate continuing growth in air traffic. In essence, they are being asked to do more with less. And that seems to be the trend in many of the activities of the Federal Government.

During the previous decade, the FAA has not been lacking for new spending authority. Between 1982 and 1992 FAA's budget increased nearly 190 percent. The funding did not come without new demands. A notable example would include the rebuilding of the air traffic controller work force, development of the advanced automation system, as well as development of explosive detection devices, an activity which continues today. To be frank, it would be probably unreasonable to assume that FAA would continue to enjoy this degree—high degree of budget growth forever, especially in light of what we now have, which is a climate of high deficits and the pressure to reduce those deficits.

The challenge now, it seems to me, is the need for the FAA to rationalize their programs, to ensure that resources are placed where they are most needed, and that internally developed staffing and performance standards are appropriate and are being met—a large order, and it is not going to be accomplished without some pain, I am sure.

I also believe that FAA should put greater emphasis, frankly, on staff development and training to increase and improve their effectiveness and versatility.

I think, on balance, Mr. Chairman, you and I agree that FAA is doing a good job and has been doing it well for a long time. I said before that FAA is unique among all Federal agencies, having a direct and tangible link to one of the most essential sectors in our economy and playing a vital role in the prosperity of that sector. We have to ensure that FAA will continue to accommodate future growth that is certain to occur as you indicated, Mr. Chairman, in the airline industry in the future. After what has been a rather rocky period, I am convinced that we are going to see continued growth and that is going to put burdens upon the FAA in the future.

And so they really do face an enormous challenge, and along with you, I look forward to working with them to help meet that challenge.

Thank you, Mr. Chairman.

Mr. OBERSTAR. Thank you, Mr. Clinger. At this time, I would like to place the statements of Mr. Blackwell and Mr. Costello into the record.

[Mr. Blackwell's and Mr. Costello's prepared statements follow:]

STATEMENT OF CONGRESSMAN LUCIEN E. BLACKWELL

Thank you, Mr. Chairman, I am pleased to be able to join you and my Colleagues today as we examine the FAA's operations budget.

I know that we will hear today many suggestions offering creative solutions for resolving the much talked about potential impact of a budget freeze on FAA operations. At the same time, however, there has been a consistent call for expeditious action. While I share this same sense of urgency, I believe we must make sure every reasoned approach is considered.

As we ponder the issues today, we must encourage hope for the future. Although from a practical standpoint, even if the FAA's operations budget is held over five years and ultimately amounts to fifteen percent below what it is today, we must approve the best possible budget in light of the general budgetary constraints. We must also be sure, however, that any program or concept we enact treats the real problem and does not merely offer some cursory answer to an expanding problem which will not go away.

Mr. Chairman, in light of the gravity of the circumstances surrounding the FAA's operations budget, I welcome the witnesses who will appear before us this morning and look forward to hearing their testimony.

Thank you, Mr. Chairman.

STATEMENT HON. JERRY F. COSTELLO

Mr. Chairman, I want to thank you for calling today's hearing to discuss the fiscal year 1994 Federal Aviation Administration's operating budget. The Administration has frozen spending in this account for the next five years as part of the budget deficit reduction and economic plan.

While I am supportive of many aspects of the President's budget, I am concerned about the impact this freeze in spending could have on FAA operations. If held at the current level over five years, FAA's operating budget would be about 15 percent below what is today. I am concerned about whether or not the FAA can adequately allocate its resources so the rising demands on the aviation system are not affected. If personnel cannot grow, FAA must find other areas in which to make adjustments.

I look forward to hearing the testimony of the witnesses who will address these concerns. Again, Mr. Chairman, thank you for your leadership on this issue.

Mr. OBERSTAR. Are there other members who wish to make opening remarks?

Mr. McKeon.

Mr. MCKEON. Yes, thank you, Mr. Chairman. I want to bring up a matter which was brought to my attention by one of my constituents.

This individual submitted a bid last year to the FAA field office in Oklahoma City for repair, overhaul and modification services for a backup emergency communication system. After submitting the bid, my constituent was notified that the FAA was going to perform the work itself, at its own in-house logistic center. Furthermore, the FAA did not even bother to return the $50 check that was required in order to obtain the necessary paperwork from the FAA to bid on this contract.

This issue goes further than a simple $50 check. The time spent by my constituent to prepare his bid exceeded 20 hours. This was ultimately a wasted effort.

Mr. Chairman, no one outside of the FAA knows whether or not the work they perform in house could be done better or cheaper in the private sector. I believe that private sector companies should have at least an equal opportunity to perform contract work for all government agencies. There should also be better accountability for work that can be accomplished in the private sector but which is performed by the agencies themselves.

I would be glad to provide this material to our panelists today with the hope that they can give this committee, as well as my constituent, a satisfactory response on this issue. In addition, I would like to ask unanimous consent that this constituent letter and response be submitted into the record.

[The following were received for the record from Mr. McKeon:]

INTERNATIONAL
REPAIR SERVICES
~~3641 OLD CONEJO ROAD, SUITE 115, NEWBURY PARK, CA 91320 — (805) 499-6761~~
42053 6th Street West, Ste A (805) 940-0367
Lancaster, CA 93534-7129 FAX (805) 940-0387

April 05, 1993

U.S. Representative
1008 West Ave M-4, Ste D
Palmdale, CA 93551

Attn: Congressman, McKeon

Dear Mr. McKeon:

I am writing you in hope that you can look into a practice that is hurting private industry.

Enclosed is a copy of a letter we recently received concerning a Solicitation we bid on. As you can see we paid a $ 50.00 fee to receive a copy, spent money and effort preparing our bid and then the Government Facility decided they would do it themselves. At a time that our Country is pledging billions of dollars to foreign Governments to help them privatize their industries it seems that this practice is in direct opposition to what we are promoting. As you are aware our Country's economy is in trouble and for our Government to compete directly with private industry will only hurt our chances of economic recovery. While there may be valid reasons for work to be done by a Government Facility I feel that if there is adequate competition by private industry this is the route that should be taken, otherwise we may find in the future that the companies are no longer around to provide needed support.

Any information you could provide concerning this practice would be greatly appreciated.

Yours Truly

Charles Rule
President

U.S. Department
of Transportation
**Federal Aviation
Administration**

Mike Monroney
Aeronautical Center

P O Box 25082
Oklahoma City Oklahoma 73125

Mr. Charles Rule
International Repair Services, Inc.
42053 6th Street West, Ste A
Lancaster, CA 93534

Dear Mr. Rule:

Solicitation DTFA-02-91-R-00551 for the acquisition of repair/overhaul and modification services of 32 line items with various annual estimated quantities applicable to the Back Up Emergency Communication System, which included four 1-year renewal options, has been cancelled in its entirety pursuant to Federal Acquisition Regulation 15.608(b)(4).

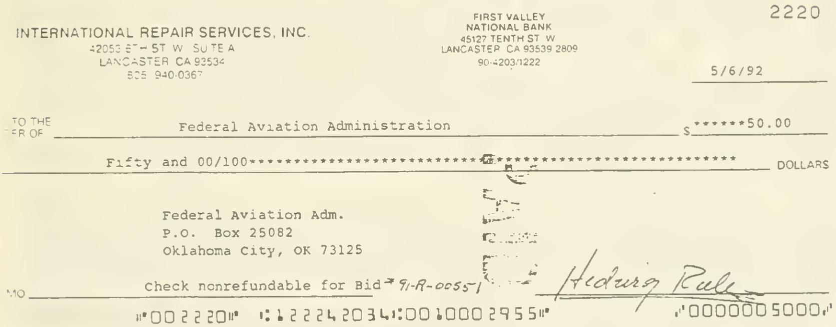
The repair/overhaul and modifications of the items listed in the solicitation has been accepted into the Federal Aviation Administration Logistic Center (FAALC) shops for repairs. Therefore, the requirement for the items regarding subject solicitation no longer exists.

Should future requirements for these items develop, your company will be given an opportunity to submit a proposal. Thank you for your interest. If there are any questions, please contact me at (405) 954-7816.

Sincerely,

Rudolph Galindo

Rudolph Galindo
Contract Negotiator



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805 940-0367

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Oklahoma City, OK 73125

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Mr. OBERSTAR. The Chair will also provide a copy of the constituent letter to FAA and ask for a written response to the Chair, to Mr. Clinger, to Mr. McKeon.

Mr. MCKEON. Thank you.

Mr. OBERSTAR. Our first witnesses this morning are Deputy Secretary of Transportation, Mr. Downey, and acting Administrator of FAA, Mr. Joseph Del Balzo. Please come forward.

TESTIMONY OF HON. MORTIMER L. DOWNEY, DEPUTY SECRETARY OF TRANSPORTATION, U.S. DEPARTMENT OF TRANSPORTATION; AND JOSEPH DEL BALZO, ACTING ADMINISTRATOR, FEDERAL AVIATION ADMINISTRATION

Mr. DOWNEY. Good morning, Mr. Chairman.

Mr. OBERSTAR. Good morning, Mr. Downey, and welcome to the subcommittee on aviation, in your first appearance before this subcommittee. We hope it will be only one of several. We do not—as I have said many times in the past to previous Secretaries and Deputy Secretaries and Assistant Secretaries, bother the policy people in the administration unless there are policy questions.

Operational matters, we feel can be handled quite adequately by the FAA; but where there are policy questions, especially in a time when we don't have an Administrator able to come before the Agency—or before the committee and explain the Agency's positions and actions, then we have to do something else. So you are the something else.

Mr. DOWNEY. Well, thank you, sir.

Mr. OBERSTAR. You come with a distinguished prior record of achievement in the Carter administration, and for that we compliment you. I know your nomination to the position was widely acclaimed and widely accepted by the professionals in the aviation community and elsewhere in transportation.

Mr. DOWNEY. Thank you. And I agree with you, this is a policy issue. It is a budget issue as well.

I am very glad that in this administration I am not the budget person, because she is going to have a real hard job. But I do welcome the opportunity to work with you and with this committee on its concern about the FAA's budget.

Mr. Chairman, I have an opening statement, which I would ask you to put in the record. I would just like to summarize it.

Mr. OBERSTAR. Without objection, the statement will appear in the record in full. You may summarize as you wish.

Mr. DOWNEY. As a backdrop for discussion, I think it is important to note that the goal of a "hard freeze" on discretionary spending is one that has basically been agreed to in your congressional budget resolution and in the budget thinking of the administration. And that will require, overall, that we accept the fact that all programs are going to face severe budget constraints. And as you pointed out in your opening statement, operating programs like the FAA's are a special concern because they generate very high outlay rates and because they are, in large part, driven by factors essentially beyond the administration's control.

We are all hopeful that we will see increases in aviation activity in this country because that would be an indication of an economy that is returning itself to health. But it will create budget concerns and pressures within an overall cap.

In addition, efforts to support the President's investment initiatives across the board, including aviation, require that we find reductions in the base budget to make room within the caps. As a measure of these challenges, the overall resolution calls for or will require reductions of $5 billion across the government from the President's budget request for fiscal 1994, and $14 billion in outlays from the budget plan for fiscal 1995, if the hard freeze is maintained.

Now, at the same time that we meet these challenges, we see signs the economy is improving; and we hope that growth will continue, while we recognize that will have implications for the work load of agencies like the FAA. And again, as you expressed so well in your opening statement, the FAA is charged with the responsibility for the safe and efficient operation of the air transport system; and the operations account that funds the bulk of its personnel is critical in that regard. It supports the men and women who assure the American traveling public will continue to enjoy the best air transportation system in the world.

Our budget request for fiscal 1994 for this account places continued emphasis on safety, on security, and on efficiency in the national airspace system. To meet these objectives, we have requested $4.576 billion, which is an increase of a little less than 1 percent over the fiscal year 1993 funding level. Within this increase, the FAA must cover inflation and other nondiscretionary cost increases. We believe it is possible to do that because, first, little growth is expected in the coming year in the demand for FAA services; and second, FAA's management is committed to finding the cost savings to offset those increases.

We need to put that in context. Slightly more than three-quarters of the operating budget account of FAA supports payroll costs. And the balance goes largely for rent, for contracts, for communications, for utilities and other essential elements in operating the FAA.

The request that is now pending in the budget has been carefully constrained and reflects our commitment to bringing the deficit under control. It also represents the kind of tough choices we must make to succeed in that effort. But it also reflects our best judgment on the issues of safety and efficiency. We hold the safety of air travelers as the foremost consideration in developing our budget proposal, and our commitment to aviation safety will not change.

Within that budget, total staffing for the FAA is held at 48,922 full-time equivalents, reflecting some targeted work force reductions as part of the President's objective to reduce civilian employment; but continuing to provide at the level we requested the necessary resources for the safety work force.

For example, the controller workforce at the end of fiscal 1994 will stand at 17,871, equal to the end-of-year level for fiscal 1993. We believe this staffing level will adequately meet the operating needs of the system, since air traffic operations are expected to remain relatively flat.

The funding we seek in the operations account will also provide end-of-year staffing levels of 3,441 for flight standards; 848 in aircraft certification; 852 in civil aviation security. These levels all reflect some planned efficiencies from the projected 1993 levels.

Now, as we look to the future—and, again, we hope for growth in aviation as a sign of a growing economy—the budget outlook, as it is for all Federal accounts, is one that will require continued constraint. To achieve that, we will need flexibility to respond to the dynamic nature of the industry; and I would hope that future congressional actions would not put undue limits on that flexibility. We will need to support the rebound in the industry. And safety of our passengers will remain our highest priority.

Within that challenge, in a spirit of reinventing government and really looking to the future, the FAA is aggressively working to find additional ways in which they can achieve productivity and safety improvements at less cost.

For example, the FAA is looking at whether low activity control towers which do not meet FAA's criteria for continued operations should be closed; or whether other towers that do meet the criteria, but are low level, should be contracted out as a means of achieving savings.

We also need to look at services that the FAA provides, such as the Direct User Access Terminal System, DUATS, to see if this kind of service could be provided commercially or could be charged for in such a way as to reduce its effect on the budget.

We also must look at operating and staffing costs, revisiting the standards and the policies, to make sure they achieve the goals at the lowest possible cost.

We need to reexamine pay and benefits policies, like the pay demonstration program, which may have outlived its usefulness or might not be cost-effective.

And, of course, FAA will exercise prudence on issues such as travel and support costs.

Work under way in the FAA under its Capital Investment Plan will provide for increased safety and productivity. Over time, these investments—and we need to find room for such investments in the budget—will bring economic payoffs both in terms of reducing FAA's costs and in savings to the airlines.

The agency is also exploring management efficiencies that will permit it to operate in a cost-effective way, a variety of approaches to reducing overhead costs, possible office and facility consolidations, and different ways to provide services in an effective way.

In closing, Mr. Chairman, I would like to acknowledge the support that you and the Members of this subcommittee have provided the FAA in a difficult period over the last 10 years, and your shared commitment to the safety and efficiency of the system. We have to work together to assess the way we do business and what changes must be made to operate in this budget environment, which is so critical to our country's economic growth.

Mr. Chairman, that completes my statement, and Mr. Del Balzo and I would be pleased to respond to any questions you or the subcommittee have.

Mr. OBERSTAR. Thank you very much, Mr. Downey. I appreciate your statement and the insights into at least some of the thinking behind the administration budget.

Please elaborate for me the rationale behind the level funding, which really translates into a decrease. You have said that the administration anticipated slow growth in air traffic because of the current recession, and that demands are not as great on the system as in a high-growth period.

Yet the FAA's own projections for fiscal years 1993–1997 show a higher growth than in the period 1988–1993. And the FAA's forecasting has always been somewhat conservative; that is, the actual growth has outpaced what the projection was, which means that they were not overreaching but being very cautious and responsive to real world conditions.

If that is the case, then somebody at OMB and somebody in the White House didn't look at what the FAA was projecting, but only either—only looked at numbers and said, we have got to have some cuts, we have got to take some hits, every agency has got to take some hits, and let's see what we can do in this area.

Now, there may have been a rationale that says if we give them less money, it will force the FAA to do some of these restructuring specifics that you cited in your testimony. But I don't know that that is the case, and I doubt it very strongly.

So if you come back to the question, and elaborate on the rationale behind level funding and reductions in operations and maintenance.

Mr. DOWNEY. Let me divide it into two parts. And I also may ask Mr. Del Balzo to comment.

The first part I would look at is the fiscal year 1994 budget. A fair amount of attention was given to that in the early weeks of this administration, in terms of taking the budget process, as it had been completed by the outgoing administration, and putting our stamp on it. We believe that our proposal for fiscal 1994 is achievable. We believe that the level of growth in air traffic can be managed within an FAA operations account that grows only slowly; and to the extent that some efficiencies can be found, FAA can meet the challenge.

Going forward—1995, 1996, 1997, 1998—I am not sure that can be done. I think that was basically the import of my statement. We will have to address each of those years as we get to it in the budget process; and if it is necessary to increase the FAA's operating account to fulfill the demand, if we cannot find ways to achieve offsets within that account to make the budget work, those are the choices we will have to make. We will certainly lean toward the direction that we must lean, which is safety and effectiveness of the system. But that pain will then be felt somewhere else.

We have no choice within the overall operations in the government in terms of the discretionary "hard freeze" that is in place, which gets translated down to a cap on the transportation function, and then to the Transportation Department, and then to the FAA—that the grand total under the constraints that we have all agreed to is limited.

If something like FAA operations must grow to support the services that are needed for a strong economy, something else within that "zero-sum game" will have to be curtailed. That will be a tough challenge in each of the next budget years. But we will not say to the FAA, this is an undebatable proposition; you must live within a fixed dollar amount. We recognize FAA costs will grow, we recognize that air traffic will grow, and we recognize that FAA will do everything that is humanly and reasonably possible to live within the freeze. If we can't get there, then we have to figure out where else we can find the room.

Joe, do you have anything to add to that?

Mr. DEL BALZO. No. I would just reinforce, Mr. Chairman, what Mr. Downey said.

1994 is certainly a very tight budget for us. I think you all know that it is a tight budget year. But, in fact, it is achievable.

We were not given a fixed number to operate against in 1994. We were asked to develop a number that would be limited, that would be constrained, but that would allow us to meet the demands in 1994 as we see them and ensure safety. I think, in fact, we have done that in 1994.

Mr. DOWNEY. But also I think the things that the FAA has done in 1994 are real and recurring kinds of savings. There are no budget gimmicks in there that sort of get us through 1994, but create problems for 1995. But 1995 will be its own problem when we get to it.

Mr. OBERSTAR. I think that is quite right; 1995 will indeed be a problem.

But how well you achieve your objective may also depend upon how you define that objective. And I have some questions about that score, on how you define FPLs, operational controllers and developmental controllers, the role that the supervisors play in managing air traffic; how many hours a month they are working in the role of air traffic assistants, because all that goes into understanding the work loads of the air traffic control workforce. And if it is not defined properly or accurately, then you come up with very different, and in some cases, wrong figures.

But I will come back to that. That will take a little probing.

I want to give other Members an opportunity to raise questions. Mr. Clinger will have the floor at this time.

Mr. CLINGER. Thank you, Mr. Chairman.

Thank you, Mr. Downey, for your testimony; and I don't envy you your job at the moment. You have a big job to do, and you are being asked to do it with diminished resources, and that has got to be a problem.

I think when you are saying a hard freeze on some agencies it means, well, we are going to have to cut back service a little bit here, we are going to have to retrench a little bit there, won't be quite as forthcoming as we perhaps would have been.

But if you are asking the FAA to take that kind of a cut, when you are dealing with people's lives and dealing with this vital question of safety, it becomes a much more difficult thing. You can't really retrench. You have to figure out how to do the same job or better job with less resources. And I think that is a daunting prospect for you.

One thing I would like to ask you to comment on in terms of the responsibility that the FAA has in terms of inspection as contrasted to the air traffic control proposition; what are your projections in this area? Are you anticipating that you are going to have fewer inspectors available in what is going to be an expanding fleet? Or how is it going to work? How is it going to affect overseas inspections? How is it going to work in terms of domestic inspection process?

Can you elaborate on that?

Mr. DOWNEY. I would like to ask Mr. Del Balzo to respond to that.

Mr. DEL BALZO. Congressman, I think you know that in 1994 we protected our safety workforce. You will not see a reduction in safety inspectors in fiscal 1994.

In 1994, we will also be developing systems to be put in place that will help us to target our inspection workforce to be much more effective in fiscal year 1995 and beyond. Dependent upon the progress that we make in 1994, dependent upon our projections of demand, there may be an increase in our inspector workforce in 1995 and the outyears. We will continue to protect the safety workforce at the levels that we believe are required to ensure system safety.

Mr. CLINGER. You say that could require an increase in the inspector workforce, and you have the flexibility in the outyears to make that kind of an argument?

Mr. DEL BALZO. Yes, sir, 1994 will be a tight year for us. In 1994, we will have a budget that will allow us to accomplish the mission. But in 1994, we also need to get ready for 1995, 1996, and the outyears. And we need to do that entirely differently than we have in the past.

We have got to manage FAA more like a business. We have to be prepared to make adjustments not at the margin; we have to change the way we do work. And 1994 will give us an opportunity to do exactly that, challenge everything we do and how we do it.

Mr. CLINGER. So that is going to be a high-priority mission for you, really to take a hard, critical look at the way you do business now with the idea of changing or modifying those procedures.

Mr. DEL BALZO. Yes.

Mr. CLINGER. To do it better, leaner, meaner?

Mr. DEL BALZO. Yes, sir.

Mr. DOWNEY. The mission of targeting the inspection workforce is something not only the FAA is looking at, but something we are talking about for railroads, pipeline safety, and other areas. Within our limited resources, we really want to be sure that we are hitting the areas of maximum concern.

Mr. CLINGER. You claim you don't have the permanent change-of-station funds to get controllers where you want them. I know that the Inspector General's Office has looked at this issue in the past, claimed that FAA is paying PSC to personnel at inappropriate times, for example—where an employee has only moved three miles, for example.

I know in my own district, I have FAA controllers parked at places where they have nothing to do, and yet they can't seem to get moved. It seems to me if we have got people there, we should be utilizing their talents, not let them sort of gather moss in underutilized areas.

How can we address that?

Mr. DOWNEY. The FAA is looking at the mechanics of the program to be sure it is administered as well as possible. There is another issue, however, that the rigidity of the budget caps does create. There are opportunities where, if we could move people, we could operate more effectively.

The front-end costs will add to our budget in a given year. The returns occur over a longer time period.

And again, it is one of those places where we will need some flexibility to obtain the results. But budgeting and planning on a time frame longer than the single fiscal year is really critical if you are going to achieve efficiencies.

From my own experience in my past life with the MTA in New York, I know we were only able to make the kinds of reductions in workforce and the kinds of savings in our operating budget we needed when we knew where our capital was coming from, and we had to have the flexibility to take some up-front costs in training or relocation or other kinds of investments in order to pay out returns the longer term.

So it will be part of the process to work with the FAA on a multiyear basis.

Mr. CLINGER. The bottom line at the moment is, you are constrained and you are not able to move people, and so there is a basic inefficiency here in the utilization of personnel; is that right?

Mr. DOWNEY. That is correct.

Mr. CLINGER. Thank you.

Mr. OBERSTAR. Mr. Collins.

Mr. COLLINS. Thank you, Mr. Chairman.

Mr. Downey, you know, listening to you talk about hard freeze, noticing what hard freeze means around here, it is kind of like freezing water. You know, when you freeze water, it expands; when it melts, it contracts. I hope as this thing becomes a hard freeze, it does contract rather than expand.

I agree with you, I think there will be little growth in the demand for your services. But do you think that that is going to come about because of a reduction, maybe, by the airlines in service offered? There seems to be quite a bit of reduction in force going on there or cutbacks by the airlines, due to the extreme losses.

Mr. DOWNEY. We are seeing some of that, but we are also seeing new airlines springing up and going into markets on a very competitive basis. It is clear that the industry is in a period of transition, and exactly where it goes is going to be a function of policies that you will be contributing to and Congress will be working with.

We are very anxious to see the outcome of the Airline Study Commission and the discussions they have ongoing.

But again, long term, I think a healthy airline industry and one that is growing in terms of traffic is a good indicator that our economy is back on the rebound.

Mr. CLINGER. Do you see—let's just say there are three categories of travelers—the individual traveler, the business traveler, and then, of course, the government has its traveler. Which one of those three do you see less travel in—individual, business, or government travel? Or do you see less in all?

Mr. DEL BALZO. The projections that we have done show about a 3 to 5 percent increase in passenger enplanements over the next couple of years. That translates into about 2 percent growth in actual operations.

If you look at where all of that growth is coming from, you will see most of that growth in the international market, probably equally distributed between both business and leisure travel.

Mr. COLLINS. You see less government travel?

Mr. DEL BALZO. Oh, I certainly do, yes, sir.

Mr. OBERSTAR. Would the gentleman yield?

Mr. Del Balzo made the point that the increase will be largely in international travel. Does that create special pressure points, since there is certain international entry points in the air traffic control system; and have you looked at that aspect of the issue?

Mr. DEL BALZO. No, the pressure points will continue to show up at the major airports around the United States that are congested today.

Mr. OBERSTAR. The international gateways?

Mr. DEL BALZO. The international gateways, yes, sir.

Mr. OBERSTAR. I thank the gentleman for yielding.

Mr. COLLINS. With the threat of more terrorism, what is the FAA planning to do there? Just what are you going to do to try to protect the international traveler, as well as domestic traveler?

Mr. DOWNEY. I am going to pass some of this to Mr. Del Balzo, but let me emphasize two things.

We certainly are aware of the threats; we are very concerned. The Secretary has passed the message along not only to the FAA but to all of our operating administrations that this is a very high priority for them, to be sure that we are both aware of what is going on and taking appropriate countermeasures.

The Chairman had raised the issue earlier of the action by the Appropriations Committee to zero fund our Office of Intelligence and Security. We took very strong objection to that action. We have proceeded, notwithstanding the uncertainty, to appoint a new head of that office. It just happened that the present head was scheduled for retirement today, and he will be replaced tomorrow. We believe that office is critical and events of the last few days certainly point that up.

Do you want to speak to specifics?

Mr. DEL BALZO. Yes, I can identify three specific things that we have done and continue to do.

One has to do with our security workforce, which has more than tripled since the 1985 time frame. In 1985, we had about 230 security inspectors; that number is now at about the 860 level, so it is about three-and-a-half times growth. We are doing a lot of things, both procedurally and from an intelligence system standpoint; we have upgraded that capability. And we continue to aggressively pursue new technology to combat terrorism.

So we are attacking that issue on three specific grounds.

Mr. COLLINS. Thank you.

Well, I just—you know, I appreciate the fact that you commented that you have got to look at your operation, take more of a business approach; and I commend you for that, and I hope you are very successful in doing that.

Thank you, Mr. Chairman.

Mr. OBERSTAR. Thank you. I appreciate the gentleman's questions; they are very insightful. And I want to compliment the administration on proceeding with an appointment in the Office of Intelligence and Security. I feel very strongly about that issue.

The gentleman from Texas, Mr. Geren.

Mr. GEREN. I have no questions at this time, Mr. Chairman.

Mr. OBERSTAR. Ms. Johnson.

Ms. JOHNSON. Yes, thank you, Mr. Chairman. I do have some questions related to FAA operations and safety at Grand Prairie Airport, and a short statement. I am sorry that I was not here earlier; a conflicting committee schedule got in my way.

I understand that the FAA is currently budgeted to be below its current operational budget baseline and this is why I have been interested to learn of the recommendations by the Appropriations Subcommittee on Transportation which, in its report accompanying the current appropriations bill, recommends that the FAA place more flight towers into the contract tower program. Apparently the Transportation Subcommittee believes that increasing the contract tower program is a good procedure to streamline control tower operations, while also ensuring the continued safety of our airways.

The circumstances of an airport located in my district seems like a good test for whether or not expansion of the contract tower program has the promise of expanding operational safety nationwide. The congressional district which I represent in Texas includes two major airports—Dallas-Fort Worth Airport, and Love Field. Red Bird, and Grand Prairie are a couple of the smaller ones. There are also many noncommercial airports in the region. Significant among these is the Grand Prairie Municipal Airport, which is the third busiest general aviation airport in Texas.

According to the National Plan of Integrated Airport Systems, Grand Prairie is responsible for about 200,000 operations per year. I understand it is the most cost effective, and because of the mix of helicopter and fixed wing traffic, it is the most complex noncommercial service airport in the Dallas Metroplex without an operational air traffic control tower.

Further, Grand Prairie Municipal is the only airport of reliever status which does not have an instrument landing system or an instrument approach procedure. In short, there is a need for significant safety enhancement at this airport. And in that light, I am interested in exploring the capabilities of the contract tower program.

Mr. Del Balzo, in view of the importance of Grand Prairie's airport and the need for safety improvements, is the FAA taking steps to support improvements at that location at this time?

Mr. DEL BALZO. Congresswoman, we are looking at the Grand Prairie Airport, both from the standpoint of an operational tower and an instrument landing system. You probably know that the town itself has constructed a small tower at the airport. They approached FAA about the possibility of us conducting operations from that tower.

I must tell you that we found that tower unsuitable for operation, either by FAA, or under contract. We are exploring with Grand Prairie the possibility of establishing a tower that would be a Level I tower, that would be manned by about seven or eight people; and we are looking at a cost-benefit analysis of that kind of an operation now.

That tower, if established, would be one of 400-some-odd Level I VFR towers. And when we look at the whole notion of Level I VFR towers—if, in fact, we establish one at Grand Prairie—it would be a contract tower.

Ms. JOHNSON. Okay. This airport, as you know, has never benefited from Federal funds. The existing tower was built with private funding, without cost to the Federal Government. Hopefully, if these funds could be provided, this would be a Level I contract air traffic control tower.

This is the same municipality that just lost its naval air station by vote last Saturday, and this is a very needed facility. And if I can supply anymore information, I will be happy to.

Mr. DEL BALZO. We will pay attention to it.

Ms. JOHNSON. Thank you.

Mr. OBERSTAR. The gentleman from New York, Mr. Levy.

Mr. LEVY. Thank you very much, Mr. Chairman.

Good morning.

Mr. Downey, you said a couple of minutes ago in your testimony that the pay demonstration program may have outlived its usefulness and may not be cost-effective. I am wondering if you could elaborate a little bit on that. Tell us why you reached those conclusions.

Mr. DOWNEY. Mr. Levy, we looked long and hard at the pay demonstration program in the course of putting the budget together and came to the conclusion that while it had shown moderate success—at least as the numbers play out—in the acquisition and retention of controllers in those four areas where it was tried. However, other measures had been put in place, including locality pay, that would partially offset the demonstration; and that while it was a difficult decision, this was a place in which dollars could be saved, where alternative ways of reducing the budget would be more painful; and we recommended as part of the budget that the demonstration be terminated nine months earlier than previously planned.

As you know, the Appropriations Committee has not accepted that particular recommendation, but has thrown the ball back to the FAA to find $20 million to the program in some way. If that is ultimately the will of the Congress, it is what the FAA will do; but it is our judgment that alternative measures to save the money will be more painful across the board. Obviously, this one will be more painful to those air traffic controllers and others in New York, Chicago, and L.A., who have been receiving these funds.

It is also, as I understand, the clear recommendation in the appropriations bill that, if the demonstration is continued for the remaining period originally planned, there still would be a termination of the program at the scheduled date.

So it is not, at least in their view, to continue forever. We are really talking about when it would end.

Mr. LEVY. I don't think that we can disagree with your statement that we saved money by eliminating this program. That is obvious to all of us, I think. And it is probably fair to let you know that New York TRACON is located in the district that I represent. Many of the people who work there live within the district and are extremely concerned. I think as people who need to be concerned about the national picture, we have all spoken very much about the state of the system and the need to promote safety in the system. And I think it is extremely important that facilities like New York TRACON and facilities that service the other communities that we have talked about, that morale be high, that we discourage turnover among the personnel there.

And I am not sure that I got an answer to the question as to how we measure the success of the program in order to reach a conclusion that it has outlived its usefulness or is not cost effective. And I am wondering if you might shed some light on that, because it is something that I would be interested in promoting.

Mr. DEL BALZO. Congressman, I would add a couple of points. When we introduced the pay demonstration program, we introduced it at a time where we were finding it very difficult to recruit people to go into the high-cost-of-living areas. We introduced it at a time when the experience level of our facilities was not at the level it is at today. And we introduced it at a time when the economy was different than it is today. And, fourthly, we introduced it at a time when we did not have a pipeline of people that were ready to enter into the system at locations that we would ask them to go.

I believe that all four of those situations are different today. The experience level at our facilities, especially at the Hartford staff facilities, is now at what we believe to be the right level. We now have a pipeline of people that are available for assignments into facilities that are hard to staff. We have——

Mr. OBERSTAR. Would the gentleman yield?

Mr. LEVY. I would be happy to yield.

Mr. OBERSTAR. I want to follow up on this point.

A controller who moved from, say, Minneapolis Center to New York Center for a higher pay, and is now operating there; if the pay demonstration program terminates, does that affect that controller's pay?

Mr. DEL BALZO. It will not affect that controller's pay. The 20 percent differential will not be affected for a minimum of two years from the time that controller reported to the New York TRACON. The basic pay level of that air traffic controller will not be affected.

Mr. OBERSTAR. The basic pay, but the incentive pay will be affected in two years?

Mr. DEL BALZO. Two years from the time that controller arrived at the New York TRACON. That was the contract. So if a controller arrived at the New York TRACON a year ago, when that program gets terminated, there would be one year left of what I would call "safe pay."

Mr. OBERSTAR. And then what is—then that person gets a pay cut; is that right?

Mr. DEL BALZO. Of 12 percent.

Mr. OBERSTAR. And having made projections on standard of living and made certain expectations, what is going to be the morale effect of such a decision?

Mr. DEL BALZO. Mr. Chairman, I would hope that plans were made based upon expectations of a two-year commitment.

This is not a decision that came easy to us. It is not a decision that we were happy to make. But I will tell you that in the end it turned out to be the right business decision for us.

Mr. OBERSTAR. Well, I think the incentive program—if the gentleman will continue to yield, the incentive program was a success. It did attract high-quality, experienced personnel to make what for them was a difficult move. I know that I have talked with enough controllers to know why should I move out of, say, Farmington, Minnesota, where life is good and kids can walk to school, go someplace where your life may be at risk and your quality of living is not as good and—but the pay is better and the professional opportunity is better, and the level of morale was very high in making that move. And I don't know that many of them anticipated that this program was going to come to a crash.

Mr. DEL BALZO. Mr. Chairman, not to prolong it, but everyone knew that it was a five-year program that would, in fact, terminate. Our proposal in 1994 was to terminate it nine months early.

Mr. OBERSTAR. But it was predicated on a government-wide change in pay and benefits for workers, which hasn't come to be, except in a marginal—at the margins, let us say.

All right, I yield back to the gentleman and yield him additional time to pursue his line.

Mr. LEVY. I thank you very much, and I know that you are not referring to our district when you spoke of places where your life may be in jeopardy.

Mr. OBERSTAR. The view from the mid-continent is very different.

Mr. LEVY. I just wanted to make one observation.

What you seem to be saying is that we have given these people some additional funds to locate into higher-cost-of-living areas. We have solved the problem of recruitment, and it is now okay to take away some of these people's salary because there are enough people in line to take their jobs away if they don't like it. And I have to question whether or not that is something we want to do to the morale of people who are engaged in a business on which much of our safety relies. And I would question the wisdom of that judgment.

Mr. DEL BALZO. Fair point.

Mr. LEVY. Mr. Chairman, I thank you very much. I have no further questions.

Mr. OBERSTAR. Mr. de Lugo.

Mr. DE LUGO. Thank you very much, Mr. Chairman. I would like to apologize for not having been here for the presentation of the Secretary and the Administrator, but we have all these conflicts. I was two other places at the same time.

I just have one question that I would like to bring up; and it goes to the purpose of the hearings, which is to maintain the same level of service with less funds, which is quite a difficult trick.

Down in my area in the Virgin Islands, FAA Administrator Del Balzo, at my urging, the FAA recently did the screening and had the tests, you know, for job applicants for the controllers. And three of my constituents are fully qualified applicants; they are ready to be hired. But there is a lack of funds that is reportedly holding it up.

Now, I don't know who these people are, but I do know that the way it has operated down in the Virgin Islands is bringing in outside temporary help or temporary employees, which is the most expensive way to go. And when you can hire the locally qualified people, who have been qualified by the FAA through its procedure, it would seem to me that that is the way to go.

So I would like to get your comments on that, and I would like to request that you look into this and get back to me as to, you know, whether you are going to hire local people that are qualified, or are you going to continue the policy of bringing in outside temporary controllers?

Either Mr. Downey or Mr. Del Balzo, whoever wants to volunteer.

Mr. DEL BALZO. Congressman, two points. Our policy is, in fact, to hire locally whenever and wherever we can, because, in fact, it is much more cost-effective.

The second point is, I am not familiar with the particular issue that you raise about the three persons in Puerto Rico——

Mr. DE LUGO. No, no, not Puerto Rico. Virgin Islands.

Mr. DEL BALZO. I am sorry, and I will look at that when I get back.

Mr. DE LUGO. I appreciate that. Will you get back to me?

Mr. DEL BALZO. Yes.

Mr. DE LUGO. Thank you very much.

Thank you, Mr. Chairman.

[The information received from Mr. Del Balzo follows:]

The Federal Aviation Administration (FAA) attempts to hire locally whenever possible in the case of hard-to-staff facilities, as is evidenced by our placement of recent Collegiate Training Initiatives (CTI) graduates in facilities in Alaska, Puerto Rico, and the Hawaiian Islands.

There are currently three individuals from the Virgin Islands who have passed initial tests and one CTI graduate of Hampton University awaiting hiring and assignment to the Virgin Islands.

The FAA is currently constrained by a hiring freeze. However, once the freeze is lifted, it is likely that the Hampton University graduate would be offered a Virgin Islands position. The three Virgin Islanders who have passed initial tests would have to be hired on a non-competitive basis by the region and scheduled to attend the FAA Academy. The FAA had tentatively planned to hire these individuals in FY 1994, but in light of current budget constraints and the present freeze, will need to revisit this issue in the future.

Mr. OBERSTAR. The gentleman from Tennessee.

Mr. DUNCAN. Thank you, Mr. Chairman, and I will be very brief.

Mr. Del Balzo, you possibly have touched on this earlier; and I apologize, I had to be in some other meetings. But what—what impact, specifically, will this freeze have on aviation safety, in your opinion?

Mr. DEL BALZO. Congressman, absolutely none. We will never, never have, and never will, do anything that would derogate safety. 1994 will be a very tight budget year for us, but we believe that with our request, we will be able to provide the right level of service without a derogation of safety.

Mr. DUNCAN. What—what impact would this freeze have on the FAA's ability to purchase homes under the noise abatement program?

Mr. DEL BALZO. It should not have an impact at all. It comes out of an airport grant appropriation that, in fact, will be funded at a level that will allow us to continue on with that noise abatement program and continue on with the purchases at levels that we had previously planned. It should not have an impact.

Mr. DUNCAN. Of the—we have got some information from staff here that—of the FAA total budget, what percentage comes from the aviation trust funds?

Mr. DEL BALZO. Out of the total budget, it is about 75 percent. Completely funded out of the trust fund is the capital investment program, our research and development program, and the airport grant program. Add that to the percentage that we now get for the operations appropriation, and of the total budget it is about 75 percent, sir.

Mr. DUNCAN. All right. Well, let me say this, before I yield back to the Chairman. I have been here on many occasions, and I have read many things about the—and I have heard you testify many times, and I want to say that I have been very impressed by the job that you have done as acting Administrator, and I hope you continue to play an important role in the FAA in the future.

Thank you very much.

Mr. DEL BALZO. Thank you, sir.

Mr. OBERSTAR. Mr. Clinger, any further questions?

Let me proceed with some points that I was alluding to earlier. In order to get a better idea of what the level of funding should be and what will be the role of the freeze and its effect upon operations, let's come back to some definitions.

How do you define an FPL, Mr. Del Balzo?

Mr. DEL BALZO. Mr. Chairman, we——

Mr. OBERSTAR. Have you changed it since 1987?

Mr. DEL BALZO. We define an FPL as a person that is qualified to work any position in a sector where that individual is assigned.

Mr. OBERSTAR. Checked out on three positions?

Mr. DEL BALZO. Checked out on three positions.

Mr. OBERSTAR. How long does it take to achieve FPL status these days?

Mr. DEL BALZO. I think it varies by location. It certainly is dependent upon the individual's capabilities. I am not an expert, so my guess is maybe three to five years.

Mr. OBERSTAR. Not 18 months?

Mr. DEL BALZO. No, not 18 months.

Mr. OBERSTAR. That was a boast and a goal back in 1987–1988. And we were hearing, oh, we are getting a better-quality person enrolling in the FAA Academy, and therefore we can make an FPL out of these new trainees in 18 months instead of five years.

Mr. DEL BALZO. Mr. Chairman, I think we always wind up getting into a philosophical debate about FPLs. The analogy that I use for an FPL would be United Airlines or Northwest Airlines, and in their fleet they have a 727, a 737 and a 747. And an FPL would be checked out on all three airplanes. There is no reason—the people in our air traffic control centers, when they are checked out on one position, are fully qualified to operate that one position.

We can manage more efficiently if a person is checked out on more than one position. But in terms of how we manage and how we operate, an individual who is checked out on one position can operate just as effectively as an individual who is checked out on all positions.

Mr. OBERSTAR. Well, an operational controller can be an FPL, but one who is not certified in all positions, maybe one who is certified on two positions.

Mr. DEL BALZO. Yes, sir.

Mr. OBERSTAR. And a developmental controller is one who has graduated from the FAA Academy or university training program, but is not yet certified——

Mr. DEL BALZO. Yes, sir.

Mr. OBERSTAR [continuing]. On operational positions?

Mr. DEL BALZO. Yes, sir.

Mr. OBERSTAR. And you are still counting supervisors as part of the air traffic control workforce if they are working traffic at least—it used to be 10 percent or 16 hours a month, 10 percent of their time or 16 hours a month. Is that still the standard?

Mr. DEL BALZO. I don't know if that is still the standard.

Mr. OBERSTAR. And where do air traffic assistants fit into the count? Are they counted as air traffic controllers or are they counted as air traffic assistants, apart from the air traffic control workforce?

Mr. DEL BALZO. Mr. Chairman, I don't have an absolutely correct answer to that question. I don't know whether or not we consider them as part of the controller workforce or outside of the controller workforce. I don't know that, but I will submit that.

[The information received from Mr. Del Balzo follows:]

Neither Air Traffic Control Assistants, nor Air Traffic Supervisors, are included in the Full Performance Level (FPL) count.

Mr. OBERSTAR. Under an agreement that we reached when I chaired the Investigations and Oversight Subcommittee, Mr. Clinger and I had quite some detailed discussions with then Administrator Engen. It was ultimately agreed that the air traffic assistants who were not working traffic, not talking to the aircraft, would not be counted in the air traffic control workforce.

Now, I raise these points to understand what 17,871 controllers estimated for the balance of this fiscal year means. And if it means that you are not counting air traffic assistants——

Mr. DEL BALZO. And we are not; I have just been advised we are not.

Mr. OBERSTAR. Okay. Then that number is more realistic and more responsive to the work load and indicative of that work load.

Now, also an indicator of systems stress is the amount of overtime worked in the period following the 1981 strike; there were 3.5 million hours of overtime worked throughout the system to cope with the demands. And probably $100 million in additional pay. By 1982–1983, that dropped to 1.7 million hours and about 50 million in overtime pay. By 1993, it is down to 357,000 hours and $12.5 million in overtime pay.

Do you anticipate that level to remain about the same?

Mr. DEL BALZO. We believe that is about right. Overtime, both hours and dollars, are at an all-time low. And to us that is one more indication that the level of our controller workforce is just about where it should be.

Mr. OBERSTAR. What is the average amount of time a controller spends working controls before a break?

Mr. DEL BALZO. I don't know the actual answer to that question.

Mr. OBERSTAR. All right. Now that will depend on towers and centers and TRACONs, I understand, but you can differentiate that. Now, the amount of leave time available to controllers, are they able to take leave as it accrues, or are they being asked to forego leave?

Mr. DEL BALZO. Mr. Chairman, I am not aware of air traffic controllers' being required to forego leave as a general practice. There may be some isolated instances where, because of the demands, that happens; but I am not aware of that being a general issue today.

Mr. OBERSTAR. All right. You can supply details for the record.

Mr. DEL BALZO. Yes, sir.

Mr. OBERSTAR. I would appreciate having that information.

[The information received from Mr. Del Balzo follows:]

FAA policy provides that controllers normally work no more than two hours straight on any particular position. Generally speaking, controllers get breaks between position rotations, or at least every two hours. Break schedules vary from facility to facility. Time on Position (TOP) data for the last year indicates that controllers in centers averaged 4.7 hours TOP per eight-hour work day, while terminal controllers averaged 5.4 hours TOP per eight-hour work day.

Controllers are not asked to forego leave. Government regulations and the labor contract address the use of leave by controllers. We abide by these regulations and the agreement.

Mr. OBERSTAR. And the volume of air traffic at centers in 1993, it is anticipated to be 37.5 million operations; and by 1995, inching well over 39 million operations. Towers will move from 62.5 million operations to 65.6 million operations, according to FAA projections. And I don't think we need to deal with general aviation or stations, but those are going to increase, flight service stations will probably. So some part will decrease. I don't know what that projection is based on.

Now, if you take the volume of air traffic today and the projected increases and the number of operational FPLs, developmentals, on stream or in the pipeline, amount of—number of supervisors who are working traffic—and I would like to see some trends; is that number increasing or is it staying level—you begin to get a better assessment of how the system is working and what the demands are upon that system and whether these numbers the administration is using are realistic and whether the numbers that our Appropriations Committee is using are realistic.

What I am trying to do is put together a composite now. And I think we need to—we need to think about that a little more and perhaps reason together further.

You are suggesting the contracting-out of Level I towers as a means of reducing or controlling costs. How much money do you save by contracting out towers?

Mr. DEL BALZO. We have a total of 400 towers in our system. Of those 400 towers, 100-some-odd are Level I VFR towers. Staffing at those towers is on the order of seven to eight FAA people. It costs us on the order of $450,000 a year to operate one of those towers.

We have 30 contract towers. The cost to operate a contract Level I VFR tower is $250,000. So for every Level I VFR tower that we can contract out, we, in fact, wind up saving $200,000.

The question then is, when you contract out a tower, what happens to the seven or eight people? We would relocate those people to other facilities in the system, and the cost of that relocation is just under $30,000 apiece; so you would—contracting out of an existing tower becomes cost neutral, or pays for itself, in one year. And after that you are talking about a recurrent saving on the order of about $200,000 a year. So if we were to contract out all 100-some-odd towers, you are talking a savings on the order of $20 million a year.

Mr. OBERSTAR. What change, if any, is there in operational effectiveness and control by FAA over a contract tower?

Mr. DEL BALZO. I don't believe there is any. One, all of the air traffic controllers that would be working in a contract tower are, in fact, certified by FAA. We ensure their performance, and I don't believe that there has been any derogation in service.

Mr. OBERSTAR. Typically who works those towers? What—who contracts?

Mr. DEL BALZO. The way it has been done up until now is that the community or the airport contracts for the operation, and we reimburse the city or the airport.

Mr. OBERSTAR. Where do they get a controller or controllers?

Mr. DEL BALZO. Most of the controllers that they use are either former military controllers or retired FAA controllers.

Mr. OBERSTAR. If a fired air traffic controller were hired by a community to work a tower, would the FAA permit that to happen?

Mr. DEL BALZO. Yes, sir, we would. We do today; we do not prohibit that.

Mr. OBERSTAR. Why do you stop at Level I towers for contracting out then?

Mr. DEL BALZO. I think it is just something that we ease into. I think, if I could just take a minute to go back to what I said about 1994, fiscal 1994 has to be a year that we challenge everything we do.

We have experience with Level I towers, and we are prepared to recommend contracting out of all of our Level I VFR towers. We do not have experience with contracting out Level II towers, and maybe that is something that we need to look at, do a pilot program, develop the right confidence; and then based on the cost, decide whether it would or would not make sense. Those are the kinds of things I believe we have to investigate in 1994.

Mr. OBERSTAR. What other functions are you considering contracting out?

Mr. DEL BALZO. There are a whole variety of things that we would look at. We can certainly look at the possibility of contracting out some administrative services, including contracting out our payroll and our accounting.

Mr. OBERSTAR. Contracting out your payroll; do you mean——

Mr. DEL BALZO. Payroll administration.

Mr. DOWNEY. Payroll processing.

Mr. OBERSTAR. Processing of payroll?

Mr. DEL BALZO. Processing. We do that ourselves today.

Mr. OBERSTAR. How do you save the money between the 450 and the 250 per tower of, average, seven or eight people? Where does the saving come? In retirement pay, benefits that the FAA doesn't have to pay out?

Mr. DEL BALZO. I think the savings come from three areas. One is, I think the basic rate is less. They will do it with less than seven or eight people. And the way they do it with less than seven or eight people is, they get more productivity, more hours of operational time from each of their traffic control staffers.

Mr. OBERSTAR. Well, FAA—if the FAA has established the standard for a Level I tower of seven to eight people, and contracts it out, and it is operated by four or five people, or five or six people, how does that meet your standard of service?

Mr. DEL BALZO. We don't have a standard, sir, for number of people. We have a standard in terms of the quality of the person. And what you will find is that contractors are getting more—more working hours per day out of people that are working in a contract tower than we are getting out of a federally manned tower.

Mr. OBERSTAR. What would be the number of operations on a Level I tower per year?

Mr. DEL BALZO. I——

Mr. OBERSTAR. On average.

Mr. DEL BALZO. I don't know that.

Mr. OBERSTAR. Please supply that for the record.

Mr. DEL BALZO. I will do that.

[The information received from Mr. Del Balzo follows:]

The average number of operations for an FAA-staffed Level I control tower is less than 35 operations per hour, or approximately 77,000 operations per year.

Mr. OBERSTAR. Now, even with contracting out of Level I towers—and if you have 100, you save 700 jobs ultimately by doing so, and move them elsewhere within the system—you are still not going to be able to deal with a 7 or 8 or 9 percent annual growth in air traffic operations anticipated over the next five years.

Mr. DEL BALZO. Mr. Chairman, I agree with you, if we assume that we are going to do business tomorrow the same way we do business today. I would agree with you if we are going to manage the airspace the same way tomorrow as we are managing the airspace today. But, in fact, I don't think that is true.

I think we have a vision of tomorrow that will be revolutionary compared to what we are doing today, just based upon the introduction of new technology and new procedures—satellite technology in space, coupled with flight management systems in a cockpit, coupled with advanced automation systems on the ground, all hooked together by a high speed data link will allow us to achieve a significant increase in productivity and airspace utilization.

Look at the productivity achievements that we have been able to achieve, compared to 1980. We are looking at a 30 percent increase in air traffic controller productivity, and I don't believe that is fake. I believe it is real, based upon technology and procedures.

Mr. OBERSTAR. We certainly hope you achieve the 30 percent increase in productivity. That is why we have been approving and encouraging and supporting the increased investment in technology, and pressing forward with it, both within the Appropriations Committee and OMB, the previous administration and this administration. And we are going to be having a hearing next month on satellite technology to highlight what the opportunities are for achieving those objectives.

Outside of air traffic, the other specialized work forces range between 65 and 80-plus percent of achieving the staffing standard. In your statement, you said that the objective of budgeting will be to reexamine staffing standards.

I have seen this before, Mr. Downey. I want to impress upon you, as the policy person here, that reexamination of standards does not drive the funding, but the anticipated funding level drives the setting of standards. And we are going to be—we are going to be very, very attentive to that matter and not tolerate a reversal of positions here.

Mr. DOWNEY. I understand that. Standards should be standards, but they need to be validated and understood. But once they are there, they should not be driven by funding.

Mr. OBERSTAR. When was the last time standards for towers, for example, and centers, was—or were reevaluated?

Mr. DEL BALZO. The air traffic controller standards were reevaluated as recently as this year. Our airway facilities staffing standards are probably a year old. Our flight standards staffing standards have just been completed this year, but they need to be done completely differently; they need to be reviewed in a much more comprehensive way.

If you look at the airway facility staffing standards, for example, you know that there is a 30-percent difference between the staffing standard and the actual on-board level of our technicians. You say, well, that certainly should result in a degradation of system performance, and in fact we don't see a degradation of system performance. And you will hear GAO testify to that today.

So what that tells us is, the performance is there; the staffing standard must be deficient in some way. We need to really get inside all of our staffing standards and do a comprehensive review. We have a board in place and this will be the first time that all of our staffing standards are looked at comprehensively.

Mr. OBERSTAR. Well, I encourage you to do that. That is good news. And let me suggest that rather than pursuing it further in the context of a hearing, I think it is sufficient for the public record to know that the reexamination will be done, and it will be done comprehensively; and that that process will start shortly. I would like to suggest, with the concurrence of my colleague from Pennsylvania, that we have a session, review session, of our committee members and staff with you and whomever you designate within FAA from airways facilities and so forth to discuss this in a less formalized setting, where we can have better give and take and better understand how you are going about this process.

Mr. DEL BALZO. Yes, sir.

Mr. DOWNEY. I will be pleased to do that.

Mr. OBERSTAR. You are saying, Mr. Downey, that in a number of ways you are going to be reexamining the way FAA operates or conducts its business. But we need to look at FAA services like DUATS. You say that we are going to look at things like change of station policies. We already talked about the pay demonstration program. Management efficiencies, a variety of approaches to reducing overhead costs, printing, rent, utilities, travel. That might result more in small change than big dollar savings.

But some of these things might have real effects on the way the FAA operates. I would like you to elaborate further and is there a process by which this is being done or is this just ad hoc? Let's look for, quote, let's look for little ways that we can save a buck here and a buck there, or is this a comprehensive review process going on directed by the department, concurred in with the FAA in a formalized way?

Mr. DOWNEY. There are two processes going on in addition to the one you mention of just trying to save a buck anywhere we can save a buck.

Those are being driven by the National Performance Review, which the Vice President has taken the initiative on within the government. There are task forces in place at the FAA, at the department, and at the White House, looking at both specific FAA-type activities and comparable activities in other agencies, as well as looking at cost-cutting issues such as personnel management, such as procurement.

The whole thrust of that effort is to rethink all the ways we do business, to find the reasons why costs are high, and to do something about it, whether it requires changing regulation, whether it requires changing law, whether it just requires change in culture, in the way business is done.

But that is a top-to-bottom review. And the heart of the review is that we are asking those who really do the work to give their views on how things could change. Those task forces are selected employees who have been given full-time opportunity to spend their time on this issue, because they are the people who really understand what the issues are. They are coming up with a variety of really good suggestions.

The second process is the classic budget process. And the charge that the Secretary has given to FAA and all of the DOT entities is go back and look comprehensively and cooperatively at everything we do and ask the question "do we still need to do it?" And "if we need to do it, are there ways we can do it better?" If we don't need do it, what are the issues in changing our process and dropping some of the activities we undertake?

We would much rather find a few things, painful though it might be, and say we should stop doing them, than to hobble every activity in the department. We don't want every unit, every activity, every function to be running at 70 percent efficiency and not doing its job.

We would much rather see a very effective, but more concentrated level of activities. It won't be easy to challenge some of these things that have gone on for years, but it definitely is the charge that Secretary Peña has given to all of our administrators, to the new appointees as they have come on board, to take this opportunity. As Administrator Del Balzo has indicated, the FAA is well along in it, to rethink how we do our business and see if there aren't ways we do more business with the same resources.

Mr. OBERSTAR. I think the public would feel very good about the FAA reexamining itself, being reexamined and making whatever changes suggest themselves through that process to achieve a leaner, more effective but continuingly effective FAA.

Mr. DOWNEY. This is a process, as I am sure you know, that is going on across our country. There are few corporations of any size, there are a few State governments of any size, who have not been through this kind of very comprehensive top-to-bottom review with very good results. I think the Federal Government is probably sort of the last outpost of an old style of organization that was very hierarchical and very much set in its ways and we would like to see that change.

Mr. OBERSTAR. Speaking of hierarchical, what consideration has been given to reducing the number of FAA administrative regions from nine to a smaller number?

Mr. DOWNEY. That is very definitely a possibility. Nothing is off the table, as we look at this structure.

Mr. OBERSTAR. Mr. Clinger.

Mr. CLINGER. Thank you, Mr. Chairman. Just a couple more questions from me. We are talking about decreased, static or declining hiring levels for controllers and technical staff, and I am wondering how you view that in terms of what effect it may have on age levels, long-term development, training of FAA personnel, and with specific reference to how it might affect the future role of the controller's training school in Oklahoma and also the development of the recently established private controller schools.

In other words, how is this attrition that we are looking at going to impact upon the training operation of the agency?

Mr. DEL BALZO. I think that is another area that we need to take a hard look at. When we look at our air traffic controller staffing requirements, I think you have heard us say that our requirements will be on the order of 300 people a year. The impact then will be on our aeronautical center capability, what do we do with the staff that is in place, what are the implications not just for today but tomorrow, as well.

I think all of that needs to be done in a larger context. So one of the things that we said before is we can no longer look at issues separately in a small context. We have got to do things much more strategically now and ask about second and third order implications. The time to do that is 1994.

Mr. CLINGER. Do you anticipate in the long term a downsizing of the school? What is the present level of staffing?

Mr. DEL BALZO. The in-house staffing for the air traffic controller side is on the order of 100 career instructors. One of the questions that we would ask is, for the times that we are going through and what we are forecasting, what is the right level? Should they all be Federal instructors? Is it more of a contract operation? Do we think about decentralizing the training operation? Those are the kinds of questions we have to ask ourselves.

Mr. CLINGER. With increasing automation such as Safety Performance Analysis Subsystem, or SPAS, can that be developed in time and be sufficiently user-friendly to cope with the increasing air traffic and the reduced FAA personnel levels?

Mr. DEL BALZO. I believe the answer is yes. We are developing that system in three phases. The first phase, in fact will be operational in 1995. 1996 will be phase two. And at either the end of

1996 or early 1997, we hope to have phase three in place. We will be fully automated at that time. Maximum efficiency from a limited safety inspector workforce. That is a key program for us.

Mr. CLINGER. I understand that. Don't we have a gap here? We are looking at full implementation by 1997 and you are going to have some attrition, are you not, in 1995?

Mr. DEL BALZO. I think we begin implementing in 1995 and there will be payback with phase one of that system. We will be operational with one part of that system in 1995.

Mr. CLINGER. Thank you, gentlemen.

Mr. OBERSTAR. On that matter of system efficiency, I understand that the AAS has passed the checkpoint two. Would you like to elaborate on this? Do you want to cheer or pat yourselves on the back?

Mr. DEL BALZO. Yes, sir. We made checkpoint two ahead of schedule. That is the second major checkpoint that we have met in advance. We will be announcing the schedule for our third checkpoint, which will happen, I believe, in early September, and we get past that third checkpoint and we are almost home free. That program is back on track.

Mr. OBERSTAR. That is good news.

Mr. DEL BALZO. It is good numbers for everybody, yes, sir.

Mr. OBERSTAR. And unqualified compliments to you, Mr. Del Balzo——

Mr. DEL BALZO. Thank you.

Mr. OBERSTAR [continuing]. For staying with it, staying on top of it, putting your hands around it and making it work. Now, Secretary Downey, we have heard about this reinventing and reinvesting in government. And then I hear you talk about sort of chicken feed: printing, rent, utilities, travel. I mean those are important things to do, but I want to talk about the policy things that are going to happen. What is the thought process involved here about reinventing FAA as part of reinventing government?

Mr. DOWNEY. We are looking at FAA, as I said, from top to bottom. Looking at the way it is organized, looking at the functions as they are delivered, looking at major activities and saying are they still critical governmental functions in today's economy, and questioning each and every piece of it.

I think until we have looked at the whole, it would be imprudent to jump to any conclusions as to what the outcome would be. But I think we have to discipline ourselves to look at every piece of it and look at it functionally. You are correct, we can only save marginal dollars on things like printing or travel.

We will not make major difference unless we think of what we do and whether we should be doing it. If we are doing it, then we should provide the resources to do it effectively and well. We need to rethink what are we doing.

Mr. OBERSTAR. Well, for example, if system reliability is improving to the 99-plus percent range, then do you need the same number of maintenance technicians to maintain a system whose reliability is increasing in nature rather than decreasing or staying the same?

Mr. DOWNEY. I think it is part of the staffing review that Mr. Del Balzo was talking about earlier. Clearly something is going on.

My sense is it is the payoff of investment that has been made both in more reliable systems and in less maintenance-intensive systems. We need to adjust the standards to the realities of productivity. We should be using measures like system performance.

We should be looking at what that means. We want to make sure that you are not opening yourself up to degradations that would affect critical safety functions. But if we understand how the system is performing, then you can tailor the workforce and the investment to maintain that level of performance.

Mr. OBERSTAR. In industry, an increasing trend is to look to workers, line workers, for example, for suggestions on system improvements; and management labor cooperative initiatives have proven very beneficial. I have seen that in my own congressional district in the iron ore mining industry. We often get requests from or suggestions, I should say, sometimes requests, from the controllers, supervisors, managers in the system who felt they have run up against a brick wall through the system in making suggestions. They make them here. What efforts are being made to improve bottoms-up recommendations for improvements?

Mr. DOWNEY. My experience is the same as yours, that that is a fertile source of understanding in the system and for suggestions as to how to improve, and that those businesses that have undertaken cooperative relationships find them very productive. What they find is that quality not only can be achieved, but can be continuously improved, and that continuous improvement is not something that requires continually more resources, but in fact turns out to be a win/win proposition. Quality improves, costs decrease and communication with the workforce who understand their jobs has to be part of that.

I think that is an effort that the FAA has had underway in terms of their quality initiative. And, Joe, you might want to speak to it.

Mr. DEL BALZO. Yes, Mr. Chairman, I believe that we have a collaborative labor/management relationship with the two largest employee unions, both our PASS organization, representing our engineers and technicians, and our air traffic controller organization, which is NATCA. I think what we have in place in both of those organizations is a collaborative relationship that I believe makes us leaders in government-labor relations. This is a new day for us.

It is not business as usual. It is not confrontational, and I think we have made a lot of progress. Progress that I think will pay off for us in 1994 as we go through the comprehensive reviews that Mr. Downey has talked about. A lot of the things that we focus on will be one politically sensitive to the Congress.

It will be sensitive to our employee organizations. It will be sensitive to the unions. And, in fact, a lot of the initiatives that we would want to undertake, we will not be able to do by ourselves. We have got to find some way to identify the right kind of issues and work them through collaboratively. That is our goal in 1994. We are not going do it by ourselves.

Mr. OBERSTAR. That is very encouraging here, and I know that some of the employee groups are complimentary of FAA and they are shaky on that point. Two final questions to raise.

You say that technology improvements are going to reduce FAA costs and that is one of the bases on which we predicate the investment in technology advancements. But our understanding all along has been that those cost savings are achieved in the longer term rather than in the near term. What you have is a near-term budget problem. And if we achieve cost savings five years from now, it doesn't help the 1994, 1995 budget crunch.

Mr. Downey, have you presented that case to OMB and what success have you had with it?

Mr. DOWNEY. The case for investment is always a tough case, and I think the best way to be able to present it is with really tangible commitments to savings whenever they will occur. Hopefully we will put those savings closer in wherever possible.

We have had conversations with FAA, as well as other agencies, about accelerating the payoff. System developments are clearly the kind of investments where, if you design the process properly, do it in small steps and take benefits as they come along, you can achieve payback periods well within the budget process.

We had a process, again, in my past life at the MTA, with our board on system investments. We had a member of our board who was very concerned about system projects running away. We had to convince her that in fact, we were getting savings up front through the discipline process. We brought the payback period typically down to 12 to 18 months.

And those changes really do affect your short-term budget. It may not be in the current year, as Joe described, where all of your savings in the first year go to paying for the changes, but every year thereafter you are achieving the savings. It is the kind of case we have to make. The more tangible we can be about it, the more specifically we can say, "Here are the savings, and we are committed to achieving them," the better case we can make.

Mr. OBERSTAR. When you hear aviation trust fund, Mr. Downey, what does that conjure up in your mind? Does it, for example, suggest a special claim on funding for FAA programs?

Mr. DOWNEY. One would think that but we know the facts of the budget, the unified budget account that is structured both within the administration and within the Congress.

The only difference between the trust fund and the general fund is that any money that is unspent does reside in the fund. But on a one-year or five-year basis, a trust fund dollar is basically treated the same as a general fund dollar.

Mr. OBERSTAR. What thought have you given, has Secretary Pena given, or the White House policy people, to removing the trust fund from the unified budget of the Federal Government?

Mr. DOWNEY. There have been some conversations about it, but thus far no serious consideration. Within the time frame that we are looking at in terms of getting the deficit under control, it doesn't seem likely they are going to have a stomach for reopening some of those issues and refighting some of the budget rules that have been established.

But I think we need to focus on investment within the overall budget process. Regardless of source of funding, finding room for investments is a critical part of what we should be doing, if we don't want the budget problems to just recur.

And part of the purpose of investment is to increase both agency productivity and national productivity in such a way that the economy can generate the revenues needed to sustain our operations.

Mr. OBERSTAR. Finally, many people, this Member included, believe that the FAA would operate more effectively and more efficiently if it were returned to independent status outside the Department of Transportation. Has the Secretary, has OMB confronted that perennial question?

Mr. DOWNEY. We haven't taken an explicit position on it, but I think I would probably respectfully disagree and make the point, from both my current and past experience at DOT, that there is a strong case to be made that an FAA that functions inside a Cabinet department has better access to the decision-making process within the White House, within OMB, within Congress.

That is not to say FAA shouldn't function differently. There may be ways to make it more businesslike and effective. But both to give it stature and to integrate its activities with other parts of DOT in terms of its contribution to the national transportation system, we would argue for retention.

Mr. OBERSTAR. On the matter of retention, let us hope that you are able to retain an administrator in the position longer than two years.

Mr. DOWNEY. I would certainly share that hope.

Mr. OBERSTAR. Let's hope they fill the deputy position. And I think the best candidate is sitting to your left, in the whole country.

Mr. DOWNEY. My immediate left.

Mr. OBERSTAR. Mr. Geren, any questions?

Mr. Clinger?

We have kept you for almost an hour and a half. We thank you for your patience and your response to the questions. I look forward to you following up on the questions we discussed this morning.

Thank you very much.

Mr. DOWNEY. Thank you, Mr. Chairman.

Mr. OBERSTAR. Our next witness is Mr. Allen Li, Associate Director, Transportation Issues, for the General Accounting Office.

Mr. Li, welcome. You have been before this committee previously. We have always greatly appreciated your presentation and testimony. It has been very, very helpful to us, and we thank you for your participation once again.

Would you identify your associates and then begin your testimony.

TESTIMONY OF ALLEN LI, ASSOCIATE DIRECTOR, TRANSPORTATION ISSUES, RESOURCES, COMMUNITY, AND ECONOMIC DEVELOPMENT DIVISION, U.S. GENERAL ACCOUNTING OFFICE, ACCOMPANIED BY MARY ANN KRUSLICKY, ASSISTANT DIRECTOR, RESOURCES, COMMUNITY AND ECONOMIC DEVELOPMENT DIVISION; ROY K. JUDY, SENIOR EVALUATOR, RESOURCES, COMMUNITY AND ECONOMIC DEVELOPMENT DIVISION; AND JOSEPH A. KREDATUS, PHILADELPHIA REGIONAL OFFICE

Mr. LI. Yes, I will. Thank you, Mr. Chairman. With me today are Mary Ann Kruslicky, Joe Kredatus and Roy Judy.

It is interesting how similar some of the ideas are that you yourself and FAA have brought up this morning, because we parallel many of those thoughts.

Our testimony today focuses on four key work forces: air traffic controllers, safety inspectors, security staff, and maintenance technicians. These work forces account for about 30,000 of FAA's 52,000 employees. As you and Mr. Clinger pointed out this morning, their role in ensuring the safety of the aviation industry and the traveling public will be made even more challenging by proposing reductions in personnel levels in fiscal year 1994.

I will now provide some highlights of our statement. The common thread is how to make better use of FAA's resources.

First, a word on air traffic controllers. As you said, FAA spent much of the 1980s ensuring that it had enough controllers. Today FAA's challenge is redistributing its almost 18,000 controllers because some facilities are understaffed and some are overstaffed.

This is not new. Indeed, in 1991 FAA was to report on the actions it would take to resolve these imbalances. However, in studying the problem, FAA discovered that its staffing standards needed to be changed, and thus did not want to report its results without first having developed solutions. When FAA corrects its standards, it has several options to solve the staffing situation.

For example, and as you noted this morning, FAA estimates that one option, contracting out lower level towers, could allow controllers at those towers to man short-staffed facilities and save the agency as much as $100 million by the year 2012.

The aviation safety inspectors: In our view, the inspector work force must deal with too many high-priority activities. FAA needs to develop clear guidance so that inspectors know where to focus their efforts. FAA also needs to target its inspectors to those areas needing the most attention.

We have been recommending this for some time. We are encouraged and support FAA's efforts to develop a safety performance analysis subsystem. Mr. Clinger alluded to that, known as SPAS. This system is being designed to help FAA better manage and target its resources to high-risk areas. But for SPAS to succeed, FAA needs to resolve such issues as ensuring that the system is not too complex, and that input data contain complete and accurate information.

A word on the security work force. As last week's events in New York remind us, security will remain on the front burner for the foreseeable future. FAA's security work force safeguards passengers, crew, aircraft and airports from the threat of violence resulting from hijacking, sabotage and other criminal acts. This work force has more than tripled in size, from 263 in 1985 to 852 in 1993. FAA plans to maintain the security staff at about 850 through the year 1995.

Among the key challenges related to this work force, I will highlight training. The security work force needs additional training and experience to effectively oversee air carrier and airport operations and in determining how individual airport and air carrier procedures and technologies contribute to security as a whole.

Although many security staff have law enforcement backgrounds, they were not familiar with airline or airport operations before joining FAA. According to FAA officials, the security work force needs one to two years of additional experience and training to be fully effective.

A word on the maintenance work force. Last year, FAA's acting administrator said that the staffing standards for this work force were suspect. And Mr. Del Balzo also referenced that this morning. Although we have not evaluated the standards, we too share his concern.

By using contractors and overtime, FAA has consistently maintained a high level of system availability with a less experienced work force and far fewer technicians than the staffing standards prescribe.

FAA is requesting about 8,900 technicians next fiscal year. Its standards recommend 12,700. But several factors in the near future could complicate the picture. The Chairman mentioned this. Less experienced technicians will be maintaining older equipment. A number of new ATC systems will be introduced over the next few years. And about 2,100 technicians will be eligible to retire by 1995.

Consequently, we believe FAA needs to resolve the staffing standards issue soon.

Training of work forces: One issue that cuts across all of FAA's work forces is training. With about 52,000 employees, FAA has one of the largest and most diverse training programs in the Federal Government. In 1989, FAA developed an agencywide, six-year, $406 million flight plan training to help meet its recruiting, hiring and training needs.

FAA testified in 1985 that funding had impeded FAA's implementation of the plan. Since then FAA has revised the plan twice and now expect to complete the project at a cost of about $280 million between fiscal year 1991 and 1995. We are currently evaluating FAA's efforts under this program.

As you know, Mr. Chairman, we are also examining various aspects of FAA certification process, including the extent to which that work force is keeping abreast of new and emerging technologies. You raised that concern last year in some hearings.

Our preliminary work has shown that FAA's training efforts in this area have fallen short. Since 1980, FAA has known about and tried to address its certification staff's lack of training and experience in the latest technologies. FAA has not improved the technical competence of its staff in such areas as advanced composite materials and software systems.

FAA is developing a new training program for certification staff specifically emphasizing critical technical areas and expects to implement new courses over the next several years.

In summary, it is unlikely that the number of FAA staff will increase over the next few years. If staff remain at current levels, today's challenges will take on an added dimension. Once the economy improves and the volume of air traffic increases, this will put an additional load on FAA's work forces. Our work has identified some problems that FAA could address now and better position itself to meet these challenges and the needs of the airline industry.

Mr. Chairman, this concludes my statement. We will be happy to answer any questions at this time.

Mr. OBERSTAR. Thank you very much for a thorough look at the issues, which are the subject of today's hearing, the backup data and the appendices, and for the more detailed written statement, which I greatly appreciated.

You say that the FAA needs to resolve the staffing standards issue soon, and you say that—and rightly so—that in the 1980s, the principal challenge was overcoming shortages, that in the 1990s or at least the mid-1990s period, the task is to redistribute the work force for a variety of reasons.

You have looked at FAA operations for many years. You are very familiar with the agency and its requirements and its workload. Do you have some suggestions for the FAA and the redistribution of workload? If not by specific stations, at least some principles to guide them.

Mr. LI. The concerns we have, Mr. Chairman, are that in looking at some of the individual facilities, and while you are correct, I don't have any specific recommendations. We do know that there are some centers that are overstaffed and some centers that are understaffed. The same is true with the terminals. That raises the question as to the validity of those particular standards.

I understand that FAA currently is trying to come to grips with this situation, and as a matter of fact this morning I understand they have submitted some information to the department, and we are now awaiting to see when that particular document is going to be provided to the Congress. This is the study that was mandated in 1991 where FAA was asked to provide a study on those controller standards.

Mr. OBERSTAR. I have the impression that Mr. Del Balzo and his staff at FAA, given the testimony this morning, are thinking this whole matter through.

Mr. LI. Yes, sir.

Mr. OBERSTAR. Or maybe rethinking what their current policies may be and how to apply them in the future. I hope that you will participate with or at least oversee that. It is really not your job to do their operations for them, but at least to oversee their thinking.

Mr. LI. We will stay on top of that, Mr. Chairman.

Mr. OBERSTAR. We certainly encourage you to do so. What areas do you think operations, the operations budget could be cut without hurting its effectiveness?

Mr. LI. As you were asking Mr. Del Balzo and Mr. Downey, I was thinking about some areas, and I think that the overall perspective, and if you allow me to kind of provide some philosophy here, I think that there are two areas that are guiding principles. Safety obviously is one, and I would not want to make any reductions that would minimize and reduce safety. That is obviously, as you said, of utmost importance.

The other area is efficiency. A few months ago when I testified I noted that we have to ensure that when we make these cuts in FAA that we understand what the implication will be on the industry.

In other words, making a few million dollars worth of reductions in the controller work force may translate into hundreds of millions of dollars to the airline industry in terms of flight delays that would be imposed.

The other side of the coin relative to the efficiency, however, Mr. Chairman, up to now, the plan has been such that FAA will provide whatever the customer wants in terms of the aviation community. If the Congress and FAA come to some understanding that that particular expectation can no longer be provided, that we will no longer be able to provide immediately a tower or a TRACON, as soon as a hub comes up, some airline decides they are going to put a hub someplace, if that sort of paradigm is changed that would change things. And I think that would be an area that the Congress and FAA can work on.

Mr. OBERSTAR. For example, the increase in international traffic anticipated in the balance of this decade, which is something that Mr. Del Balzo testified to. That should send a signal off at the agency that we have to do something about those points of entry into the system.

Ms. KRUSLICKY. Also in your opening statement this morning, Mr. Chairman, you raised the issue of how the industry has changed over the last five or six years, that a number of the major air carriers have gone out of business and a number of new smaller carriers are entering the market. That could raise the question of, is FAA's organizational structure sufficient to respond to those kind of changes in the industry.

Mr. OBERSTAR. Exactly. I was raising that point with Mr. Del Balzo, Mr. Downey, that if you have niche carriers such as Southwest, and I think that is the trend of new entrant carriers now, is to carve out a sector of the market which is point-to-point service rather than relying on hubbing, that is, a single city to serve as a catch basin for smaller communities within a certain radius, and then redistribute those passengers elsewhere.

If you are doing point-to-point service and growth accompanies that service, the growth puts stress on both the originating and destination point. And the FAA has to think about that, what its consequences will be for air traffic control.

Mr. LI. And also in response to your question, Mr. Chairman, what Mr. Downey had talked about in terms of working with their staffs on trying to identify efficiencies in the process, I think that is very important. Before FAA and DOT are asked to make drastic cuts, I believe those particular reductions have to be done in an orderly manner, I believe some thought has to be brought to bear as far as working with that staff.

Those people are doing the work. They know where efficiencies can be gained. I really think that in order to effect change, you have to involve those people.

Ms. KRUSLICKY. Mr. Chairman, I think there is also another side of the equation that perhaps we haven't addressed this morning, and that is the opportunities for FAA to generate additional revenue to offset some of their operating cost.

For example, the fee to register aircraft is $5. It has been $5 since the 1960s. Could FAA increase aircraft registration fees to generate some additional revenue? Could FAA increase other licensing fees, such as pilot licenses, repair station licenses?

So are there opportunities here also for FAA to generate some revenue that have perhaps not been fully explored.

Mr. OBERSTAR. You are ahead of the curve on that score, but you are also behind the curve. Being ahead means you are looking for ways to find revenues to sustain the operations of FAA, but you are behind the reconciliation act which directed the Public Works Committee and the Subcommittee on Aviation to find cost savings, which we did, in fees.

But they are not going to FAA operations. They are going to deficit reduction. It is such a small amount, it may not even be noticed. It probably won't even show up on the OMB computers.

Mr. Clinger.

Mr. CLINGER. Thank you, Mr. Chairman.

Mr. Li, thank you. Thank you for your helpful insights and contributions to the labors of this subcommittee.

The question arises as to training and what the role of training is going to be in a downsizing or at least a static economy. Your testimony mentions that FAA is training aircraft certification staff not in technical subjects but in nontechnical areas such as supervision and writing classes, I understand.

Is this a problem in other areas of FAA, and how much is FAA requesting for training in 1994? And how does that apply to the technical areas?

Mr. LI. Mr. Clinger, we did not look at the entire training budget, so I am unable to provide you with that information. And I don't know whether or not the other work forces are having the same sort of problem in terms of not being able to achieve the technical courses that they are supposed to.

I would like to turn that over to Mary Ann.

Ms. KRUSLICKY. The only area we have really looked at in detail is the aircraft certification staff at the request of this committee. GAO has recently undertaken an effort to look at the whole training initiative under FAA's flight plan for training, but that is just beginning, Mr. Clinger.

Mr. CLINGER. Does the agency have difficulty retraining its inspector staff in the face of job offers from air carriers? Are they having trouble retaining personnel they train, or has that been a problem?

Mr. JUDY. Mr. Clinger, we have no record or information or indications that there is a problem in that area from those people at all. They seem to indicate to us they are being trained in the skills they need to be trained in to do their work.

Mr. CLINGER. And the agency is able to retain that expertise and that investment?

Mr. JUDY. So far, yes.

Mr. CLINGER. Over a longer period of time?

Mr. KREDATUS. The number of inspectors has been holding constant at 2500. So they are not losing them to industry, or if they are, they are being replaced almost at the same rate.

Mr. CLINGER. Because of the fiscal restraints, would you think that this would be an area where the agency could in fact reduce the inspection staff and still maintain a credible inspection force?

Mr. LI. I think the issue, Mr. Clinger, on the inspector work force is not so much the numbers right now that we have been talking about. They do have too many high priority activities. What we are advocating is that they target those particular resources they have right now to those which are the highest priority. That is the reason we were so supportive of the system that you mentioned, SPAS, because that would identify those high-risk areas.

We have not looked at it in detail to determine whether or not that is the correct number. We just feel that because of the multitude of activities that they have, that the thing that is the highest priority is to develop those particular focuses that they need to address.

Mr. CLINGER. Mr. Del Balzo said the first phase of the SPAS would be in effect as of next year, but it would not be fully implemented until 1997. Is there a gap here in terms of our ability to continue to provide the level of competency in this area?

Mr. LI. I don't believe there is, sir.

Mr. CLINGER. We are going to have a gap here?

Mr. LI. I will defer to Mr. Judy.

Mr. JUDY. There probably will be some gap. The extent to which that gap will exist is uncertain.

Ms. KRUSLICKY. The gap in inspection coverage created by SPAS development, however, will not occur, Mr. Clinger. FAA will continue to do the inspections it has done on the air carriers. It will be, if anything, maybe a gap in information gathering and information processing. But we have no indication that FAA ever expects to reduce its inspection coverage.

Mr. CLINGER. So we are not really raising safety concerns?

Mr. LI. No, sir. Absolutely not.

Mr. KREDATUS. There is always another system, backup sort of a system that FAA can fall back on. FAA inspectors are working with a system called a Program, Tracking, and Reporting System, and they do have capability to do analysis of the deficiencies that the inspectors are finding during their inspection work from that system, so that they can pinpoint problems. And there are other systems they can rely on such as the Service Difficulty Reporting System and so on.

These systems, of course, under a new system are going to be much more systematized and integrated into an overall system which is really what the benefit of SPAS is going to be.

Mr. CLINGER. One other item that you may have heard me asking about, the lack, apparently, of funds for transferring personnel around and the difficulties that that is imposing on the ability of the agency to rationalize its work force, particularly in the air traffic controller area, citing in my own experience where I have controllers who are just sitting, basically doing nothing, because they are not able to move them around.

Have you looked at that at all?

Mr. LI. We are aware of the PCS issue. We have not looked at it in detail. It has been a bothersome point because FAA does point out that they are unable to take care of the staffing situation, understaffing and overstaffing, because of that PCS issue. And I foresee at least in the next few years that the problem will remain with us.

Mr. CLINGER. It is such a dynamic industry, it is such a dynamic area that you really need to have the flexibility to move your personnel. As the situation changes and as needs arise in different areas, you have got to be able to move them. If we don't have the funds to do that with, it seems to me it will be a real impediment to the efficiency.

Mr. LI. Yes, Mr. Clinger. The thing that perhaps can be looked at that FAA and perhaps its staff can come to some agreement on is to look at whether or not those funds and the amounts that are being provided right now, whether or not there can be some compromise as far as a reduction.

There is a substantial amount of money that is being provided in terms of the relocation, in terms of the closing cost that might be incurred. And that perhaps is some area in which more people can move if there is some reduction in the amount of money that is provided for each move.

That is just a possibility.

Mr. CLINGER. Thank you, Mr. Chairman.

Mr. OBERSTAR. Mr. Geren.

Mr. GEREN. Thanks, Mr. Chairman. In a moment we are going to hear from the president of the Air Traffic Controllers Association, and one of his primary areas of reform focuses on the ratio of managers to frontline folks, and also the consolidation of FAA operations in the regions.

He will testify if we consolidate FAA operations in fewer regions, they will require fewer specialists, fewer program managers, and it makes more sense that they have separate fiefdoms, also reduce the number of managers and supervisors at the FAA, pointing out there are 250 more first-line supervisors than there were on the eve of the PAPCO strike in 1981.

Could you comment on those recommendations and those observations?

Mr. LI. I think in any type of situation when you are looking at an organization, it does make sense to look at their value added, and I think NATCA probably has some good points. I also think FAA has some reasons relative to its staffing numbers.

I would like to ask Mary Ann to perhaps give a little more detail on that.

Ms. KRUSLICKY. The information we have is that is an area that in fact FAA is currently looking at. We would call it administrative overhead functions, both in its headquarters and field offices, so it is something FAA has become aware of and is starting to examine itself.

Mr. GEREN. What about consolidation? You are talking about the ratio of supervisors to the controllers. But what about the consolidation idea? Did you all in your study come up with any conclusion about whether or not——

Mr. LI. If we are referring to specifically consolidation of the regions and reducing them, we did not. If your question is talking about consolidation of facilities, as you are aware, a few months ago we testified on AAS and talked about the consolidation issue there in terms that originally in the modernization program, they intended to have a lot more consolidation and they will not have as much now. So I am not sure I fully understand the context.

Mr. GEREN. Well, I guess my question was just your reaction to this recommendation to consolidate FAA operations in the fewer regions.

Mr. LI. I would think that would be a good thing to look at, sir.

Mr. GEREN. I have no other questions. Thank you, Mr. Chairman.

Mr. OBERSTAR. Later the Air Traffic Controllers Association will testify. In their view, the FAA ought to be converted to a government corporation.

I would like to have your comments on how that might work with air traffic control, and keep in mind that there is at least a precedent. The U.S. Postal Service was converted to a government corporation, and many of us are not happy about the way that has worked out.

Mr. LI. Mr. Chairman, I remember a few years ago when we testified on FAA independence, and I don't think we have changed our opinions in that area.

The problems that FAA faces I don't believe would be solved by making FAA a corporation, making them independent. There are some personnel issues, there are some procurement issues I believe can be fixed within the existing structure.

I do, however, believe, Mr. Chairman, that what you have been advocating as far as the tenure, a seven-year tenure for the administrator, I absolutely agree with you. That is one area where I believe they need to have some stability.

Mr. OBERSTAR. You have discussed the staffing standards issue and asserted that FAA has been able to bridge the gap between estimated needs and actual staffing by using contractors. What benefits are there from contracting out, and what problems are there or drags on the system, if you will, by limitations in ability to adapt to changing circumstances, operating under a contract as compared to having staffing in-house?

Mr. LI. The context in which that was made was in the context of the maintenance work force, contracting out, and that is why they are able to do that. They are not contracting out so much of their existing equipment as much as the new equipment that is coming in. For example, when IBM came in with the Host, they are maintaining that particular piece of equipment.

And it does make sense, Mr. Chairman, because what is happening is that as equipment is coming in, they are becoming more complex, more computerized, and really the manufacturer knows more about that particular piece of equipment than the people in FAA, as far as the work force.

However, there is a need for FAA's Airway Facilities (AF) to be cognizant of many of the things relative to that piece of equipment because they are the ones who have to certify on a daily basis that they can use that piece of equipment.

So roles are changing. I think that is what I am trying to convey to you, that because new equipment is coming in, AF is going to have a new way of doing business and not so much people that are going in there and changing the transistors or the tubes or whatever 20 years ago that they used to do, they are not going to be doing that as much anymore.

Mr. OBERSTAR. As system reliability improves, which is what one hopes is a step forward, and with the AAS which is supposed to be down to no more than three seconds over 20 years, there are other considerations then that must enter into the picture. If it is so reliable, do you need so many people to maintain it?

Mr. LI. That is a good question, but a closer—of greater concern to me, Mr. Chairman, is the bubble that is going to occur up until we get to that final point where new equipment is going to be in. There will be a transition period where new equipment will be coming in and we are still maintaining the old equipment. We want to make sure we keep our eye on that particular ball.

Mr. OBERSTAR. Of course, I am glad you raise that point. Actually the AAS—if it meets the target of first unit in operation in Seattle in 1995, that still means only one center.

Mr. LI. That is correct.

Mr. OBERSTAR. It is going to take a long time to install. With all the equipment we use in Host, it was much less equipment as an installation exercise compared to AAS. I venture to say it will take the next five years to install the whole AAS, maybe longer.

Mr. LI. Yes, Mr. Chairman.

Mr. OBERSTAR. Meanwhile the existing system has to be maintained, as you pointed out. You have to maintain the level of maintenance personnel to keep it operating.

Mr. LI. And last week when I went to Leesburg and I talked to the AF staff there, I was impressed by the dedication those people have. I don't want people to come away with the impression that they have a lower number than they need in terms of the standards, and that they are able to make do. They are making do because these are dedicated people.

These people are experienced. I have watched these people. They have the experience to take care of some of this older equipment. And I do worry, as we mentioned in the statement, that by 1995 there will be a substantial number of these AF technicians that will be retiring. I worry about that.

Mr. OBERSTAR. I share your concern, and again I expressed to Mr. Downey and Mr. Del Balzo, I am concerned that funding level considerations are driving policy rather than the other way around.

You have addressed on page 4 of your statement a question I raised with Mr. Del Balzo, the matter of relocation of controllers overstaffed to understaffed facilities, and by implication the pay demonstration program. And conclude that FAA is not, quote, "providing the Congress with the information needed to assess the budgetary and work force implications of consolidation," and probably also you have thoroughly thought through the effects of pay demonstration program.

What information ought we to be looking for and ought they to provide our committee and the Appropriations Committee in order for to us make better evaluations of investment?

Mr. LI. The two pieces of information Congress has not received and we have not received are, one, the consolidation plan, how they are going to go about doing the limited consolidation plan which they unveiled two months ago and they still have not released that to the Congress; and the other point is the staffing standards study that I mentioned that they were told to do in 1991 and which is still not made available, and which I reference that I believe the department now has and it is out of FAA's hands. It has moved on to DOT.

But those pieces of information will provide a good foundation for letting you know, Mr. Chairman, where they are heading toward in terms of where these locations will be. The information should contain some of the rationale behind why the limited consolidation plan was done, and perhaps it deals with some of these issues. In terms of the pay demonstration project, I heard some skepticism this morning about how they went about making this particular decision. I believe that—I am hoping that this type of documentation and this type of analysis will satisfy you.

Mr. OBERSTAR. You followed the pay demonstration program. What is your assessment of its effectiveness and whether or not it can be continued or terminated in the way they are proposing to terminate it?

Mr. LI. This is a difficult issue for anybody to talk about, and I listened very carefully to what DOT and FAA said. There is no doubt that there were some intents, that the intent of the program was to make sure that recruiting and retention were going to be addressed. I believe that those particular expectations were met.

FAA last year said that the benefits of pay demonstration were marginal. I remember reading the results of some hearings, and the FAA official indicated that they were marginal.

I took a look at some numbers in terms of the change in staffing, for example, some questions about New York were raised. The staffing in the New York Center, for example in June of 1989 was 368. In December of 1992 it was 412. So there have been some increases, and they have some benefits.

You have to weigh that with the current economic situation. And I understand, I fully understand the fairness issue that we are talking about here. I believe that issue was addressed this year by the Appropriations Committee and their indication was that it is unfair, and they wanted to make sure that $20 million was restored in order that those individuals had one extra year to prepare for the total elimination of the program.

Whether or not—you are asking me whether or not this program should be continued, I don't believe I have enough information to give you a definitive answer.

Joe, do you have something?

Mr. KREDATUS. I have just one specific comment, Mr. Chairman, that gives me some concern about discontinuing the project, and that is at the New York Center. According to FAA data, 55 members of the controller work force or about 15 percent of the work force there are eligible for retirement. And if you discontinue the pay demonstration project there, I worry that those 55 people will no longer have the incentive to stay there, especially if they have gotten, for retirement purposes, their high three to its maximum point.

In other words, it would seem to me if you are going to discontinue the project there, they have got an excellent incentive to retire. So that is one facility that gives me some concern.

The other facilities, air traffic facilities, aren't as dramatic in terms of the number of eligible people for retirement. But I just note that New York causes some concern.

Mr. OBERSTAR. GAO has several times in the past sounded the bell of concern about the number of controllers eligible for retirement and number of others in FAA work force such as inspectors eligible for retirement, and often those projections have proven true. We have a little different situation now. The economy may be so bad that people may not want to retire. They may want to hold onto their jobs and stay longer.

Mr. KREDATUS. That is always possible.

Mr. OBERSTAR. But the concern that over half of the work force at that center is eligible——

Mr. KREDATUS. Fifteen percent, Mr. Chairman.

Mr. OBERSTAR. Fifteen. I am sorry. Fifteen percent. That is not as severe, but it is still——

Mr. KREDATUS. That is quite a jump.

Mr. OBERSTAR. Yes, it is. That is very considerable. The other was a shocking number to me.

Mr. LI. If I may add, Mr. Chairman, I believe FAA is aware of those types of situations at each one of its facilities, and they believe that they have the contingencies in place that they will ensure the safety is not impacted by that reduction, if it does occur.

Mr. OBERSTAR. Many years ago GAO at our request, Mr. Clinger and I, did an analysis of various FAA facilities and the standard that FAA had established and the level of staffing that FAA had actually entered into. And the numbers in some cases matched up very well, in other cases did not, lower than the standard. But the central point, Mr. Clinger, was that GAO raised questions about the standard itself, that FAA did not know whether the standard they had set, say, if my recollection is right, back in 1988, 84 Chicago tower, was 80 right? Too many? Too few? Did it take into account anticipated growth, and the fact that FAA had 76 people at the tower really satisfy the need? And FAA when we posed the question couldn't really answer the question, and I am not sure they can answer that today.

Mr. LI. Mr. Kredatus was part of that analysis.

Mr. KREDATUS. Mr. Chairman, you are absolutely right, we did the work in a report for both yourself and Mr. Clinger. It was entitled Improvements Needed in Estimating Air Traffic Controller Requirements.

Ironically enough, many of the things that we said in that report are very true today. In other words, the staffing standards, FAA has done some review work by comparing actual staffing to the standards, and it has come up with different reasons for believing that the staffing standards are inaccurate.

They cite different reasons; for example, that the standards don't address or recognize the facilities' situation, for example, training at facilities that do a lot of training. They say that the standards aren't recognizing the complexity of that particular facility, especially in terms of things like the airspace. Not only do you have to get up, but there is a lot of turning, a lot of maneuvers in a short space.

They are saying that the standards do not reflect future needs. For example, there is no recognition of a Denver Airport kind of a situation. They are saying the training pipeline is no longer accurate. They are saying the attrition rates in the standards are not accurate. And further, that the standards have mathematical problems in terms of the algorithm or formulas they apply to come up with the different numbers that they need.

I regret to have to tell you that many of the things that they are now saying, of course, were said in 1988. Unfortunately, I mean, you say how would this situation come about. I mean, we have been preaching, you have been keeping on top of FAA, and it all comes down to one thing: FAA, despite its best efforts, has simply not kept on top of the standards, what we call revalidating the staffing standards. It is a theme and a message that you have heard repeatedly, and it is the area that I would point to that has led to its current dilemma.

Mr. OBERSTAR. What FAA needs to do is to take each one of the facilities and examine the level of traffic, the complexity of traffic, the peaks and valleys of traffic, the projected growth for each facility, and discuss the workload and anticipated workload, currently and with professionals at the facility, and then come to some judgments about——

Mr. LI. Absolutely, Mr. Chairman. You hit the nail right on the head. Not only do they have to look at the current traffic but have a projection for out in the future. You are absolutely right.

Mr. OBERSTAR. Now, we did this in 1985 and 1986, and we had numbers of history going back to 1981 through 1985, and projections for 1986 on Los Angeles, San Diego, Santa Clara and L.A. center, San Diego TRACON, and in each case the actual numbers of operations exceeded the projections, and therefore the pressure on the work force increased.

At that time we asked FAA to do a similar table for other selected high-density, high-traffic areas, and attempt to develop a better staffing standard, better projections, better investments, and that is what I think they need to do today.

Mr. LI. I agree.

Mr. OBERSTAR. We would appreciate your support and involvement with FAA in that direction.

There was certainly an indication this morning on the part of FAA that there will be a reduction in the amount of training and in the number of controllers to be added to the work force in the future. Have you examined the workload at the FAA academy and its training that is being done at places like the Minnesota consortium, where the University of Minnesota and contractors are involved in training?

Mr. LI. Before I turn that over to my team, I did not hear that training was going to be reduced per se. I did not hear that controllers were going to be reduced. I think they are going to be keeping controllers at a constant level. They have not made that reduction, I don't believe, unless I misunderstood what they said.

Mr. OBERSTAR. Keeping it level simply means not maintaining pace with traffic growth.

Mr. LI. In that context, I understand.

Mr. OBERSTAR. It is not an absolute numbers reduction but a reduction in proportion to the workload.

Mr. LI. We are aware, sir, of the difference in pipeline that some people are going to the academy and some people are going to the universities. I would like for Joe to answer that, please.

Mr. KREDATUS. Well, basically, I don't know how much I know about the specific point. There are just a very few people that are coming out of the colleges and universities. I think it is roughly 90 people that have graduated so far this year, and they are being placed at the facilities. Of course they are still undergoing training there.

The size of the classes at the academy that are undergoing this new screen that FAA has implemented late last year, I believe was relatively small. They are just not the numbers of controllers that are going on to the academy. It is simply because a greater number are retiring and there is just not that level of growth there anymore.

Mr. OBERSTAR. I want to come back to the question that was asked earlier about reduction of the number of FAA regions, not just from the standpoint of savings, but efficiency of operation, and greater accountability and standardization of activities and of budget setting.

You may recall, Mr. Li, some years ago we went through this exercise in which FAA would assign to a region dollar amounts for air traffic controllers, inspectors, maintenance technicians and others, and then the region would just sort of reallocate it according to what they thought they needed. Maybe they were right. In some cases they were; in some cases they weren't. And you had this great variation from region to region, and very little accountability.

We encountered the situation back in 1985 or 1986, I think it was, that the regional office in Seattle was about to approve airline requests to close off the overwing exits. The administrator of FAA didn't even know that that decision had been made way out there on the West Coast. Granted, it is a long way, but news doesn't travel by wagon train anymore.

And we had another situation where the Miami or Southeast Region VISTO general counsel issued a ruling, and that ruling was very much at variance with other parts of the country, and just before it was implemented, the general counsel of FAA held it up.

These kinds of situations repeat themselves because you have this regional diversity and autonomy. The nine fiefdoms, I used to call them.

Mr. LI. I believe what you are saying is so. A few years ago FAA was a conglomeration of fiefdoms. I believe a turning point was when former administrator McCarter came in and decided to have a straight-line initiative. I have not heard those horror stories since that point in time. I believe they are working much stronger together.

I understand that the OIG has done some work in that particular area, and that regional autonomy has greatly reduced as a result. So that is some indication of what is going on right now.

Mr. OBERSTAR. Does that argue for not reducing the number of regions or regional administrators?

Mr. LI. I don't believe that addresses that. I think what it says is that concern that you had about the individual fiefdoms, that that is not as much of a concern these days as it was in the past.

Mr. OBERSTAR. I would appreciate it if GAO could do an evaluation in the next couple of months on this issue and report back to us, not necessarily for the hearing process, but informally.

Mr. LI. Yes, sir.

Mr. OBERSTAR. Thank you.

Mr. Clinger, any further questions?

Mr. CLINGER. Just a couple. We were talking earlier about the need for FAA to be consulting much more closely with the carriers and what their needs are so they can plan for the future.

Given the dynamic nature of this industry, it is a difficult thing to do, isn't it? We are really looking at a dynamic process where, you know, the needs go up and down, and it would almost have to be done on an annual basis. I guess what I am saying is, I am not sure how far out in the future one can really look.

Mr. LI. You are right, and I also think the other difficulty is whether or not the other airlines would be willing to share their marketing strategies for the next few years. That is a tough nut to crack, I agree.

Mr. CLINGER. We are seeing, after a hiatus of some time now, we are beginning to see some new entrants, some controversial, some not so controversial, but some new entrants nonetheless emerging. Do the new entrant carriers require greater time and attention from the inspector work force, and if so, isn't that going to be a problem in a downsizing situation?

Mr. LI. I would like to ask Mr. Judy to answer.

Mr. JUDY. Sir, the amount of activity that FAA does direct to new carriers is fairly significant. We did some work for the subcommittee about two years ago that showed that a lot of the activity associated with certifying the training program, certifying the maintenance plans, and so forth of the new carriers is quite significant.

And it was greater than what they actually did in inspecting those carriers, to oversee and make sure that they were operating properly. So it would cause some significant changes in the way they do their business.

The effect it is going to have on their work force could be significant.

Mr. CLINGER. Because they have continuing responsibility to keep on top of the operations of the traditional carriers and then with this new work load, it is going to be difficult.

Mr. LI. Mr. Clinger, compounding that particular situation is the fact that the new entrants are likely to purchase or lease older type aircraft. And that adds an additional dimension to that problem.

Mr. CLINGER. Thank you, gentlemen, very much.

Mr. OBERSTAR. Mr. Geren, any further questions?

We thank you very much for your presentation this morning. It is a very thorough document you submitted for our consideration, and we appreciate your consideration.

We are going to have to take a recess and call our final panel at 1:30, give or take votes that may occur in between. Maybe between 1:30 and 2:00.

[Recess 12:32 to 2:21]

TESTIMONY OF BARRY KRASNER, PRESIDENT, NATIONAL AIR TRAFFIC CONTROLLERS ASSOCIATION, ACCOMPANIED BY WILL FAVILLE, DIRECTOR, SAFETY AND TECHNOLOGY, NATIONAL AIR TRAFFIC CONTROLLERS ASSOCIATION; AND HOWARD E. JOHANNSSEN, CHAIRMAN, PROFESSIONAL AIRWAYS SYSTEMS SPECIALISTS

Mr. OBERSTAR. The subcommittee will resume its sitting.

We will proceed with testimony from our final panel today: Mr. Barry Krasner, President, National Air Traffic Controllers Association; and Mr. Howard Johannsen, Chairman, Professional Airways Systems Specialists.

Gentlemen, thank you for your patience. Again, the votes on the House Floor caused us to be delayed beyond our anticipated beginning time. We welcome you, and we look forward to your testimony.

Mr. Krasner.

Mr. KRASNER. Good afternoon, Mr. Chairman.

With me today is Will Faville. He is NATCA's director of Safety and Technology. As you know, NATCA represents the 14,700 air traffic controllers employed by the FAA.

It is becoming increasingly obvious that the amounts of money invested in the FAA during the 1980s is a thing of the past. Competition for transportation dollars is becoming more and more intense. The American public not only demands safer skies, but they are demanding safer bridges, fewer potholes, safer rail systems, and better trained and equipped Coast Guard.

The largest part of the FAA's budget is that portion committed to operations. The Ops account supports the day-to-day activities of the agency. The men and women who operate the system safely and efficiently are compensated from this account. Their health and retirement costs are paid from it, their training is assured by it, and the cost of transferring them from station to station is also derived from this account. Many of these costs are mandated by law and cannot be changed.

Having said that, the question remains, how can we do more with less? Is the answer across-the-board belt tightening? We hope not. That tact may be easier, but worthy programs would suffer needlessly. We prefer either a complete restructuring of the FAA, or targeted, well-reasoned cuts.

If the structure of the FAA remains the same, then some fundamental changes must be made in the budget process. Walls within the budget have to be broken down or at least bent. If savings can be found in F&E or in R&D, then these funds should be able to be transferred to areas where they are needed.

Using current methods of budgeting, our recommendations are few. They would be: one, consolidate the FAA operations into fewer regions.

We have heard different people talk about that this morning, and we are of the belief that fewer regions makes more sense than to have the nine separate fiefdoms that were mentioned a couple times before.

Consolidation of regional operations would require fewer staff specialists and fewer program managers to operate the regional activity. And savings would also be obtained in the cost of office rental. We believe that in the management of the regions, there is an enormous amount of duplicity which wouldn't be necessary if you just consolidated the regions.

Number two, reduce the number of managers and supervisors in the FAA. Today there are 250 more first-line supervisors than there were on the eve of the PATCO strike in 1981. Unfortunately, there are 1,500 fewer air traffic controllers. The very realistic alternative would be to disband first-line supervision altogether in favor of a senior controller option.

This option would not be a promotion. Instead, the controller would be paid a certain differential at cost less than the promotion for time spent acting as a senior controller or controller in charge, thereby providing additional savings. That would be an excellent first step.

From there, the FAA would be expected to proportionately reduce its number of second-level supervisors and managers through attrition.

Also, I want to mention a little bit about PCS money, because it was discussed back and forth this morning. PCS funding has been a very big problem with us. We cannot get our qualified people from lower-level facilities up into the higher level where we would conceivably have more well-rounded controllers in the higher density facilities.

Instead, what happens, because of the lack of PCS money, is we take new recruits out of the academy or out of Beaver County, and we put them into the high-level facilities, once again taking those who kept the system afloat for the last 10 years, and relegating them to a second class citizen status, where they can never get any further than they are now.

We understand PCS funds are tight, but we believe that it is going to require a complete restructuring of the way it works now. The Home Relocation Program is draining massive amounts of money. The highest PCS move that I know of is $975,000. I know of one other one that cost $475,000. The average seems to be about $45,000, but that is only that low because in this day and age and this economy so many people couldn't buy houses, and their cost of moving is appreciably less. So it takes the average down lower when the others move.

We believe it will actually require a full restructuring, perhaps elimination of the Home Relocation Program or maybe a flat rate type move such as like the Air Force is using now.

Number three, we believe that we should immediately terminate ATC contract training. The FAA would realize a savings of at least $1.5 million per month by its elimination. This training process has proven costly and ineffective. By bringing the training back in house, the FAA would be able to provide better training at a reduced cost.

And, finally, we believe a better strategy must be employed by the FAA when procuring desktop computer stations for facility training. The current method is to go out and procure X number of stations without understanding exactly what training programs will be entered into the computers. Then they go out and they write the software to implement the stations they bought. It should be thought of on the front end.

However, if we can assume that the budget walls are altered, then we can offer more meaningful suggestions, in addition to the above recommendations. We would also like to recommend that the following programs be terminated: Precision Runway Monitoring, Microwave Landing System, and Oceanic Display and Planning System. I will get into each one of them briefly.

Precision Runway Monitoring, or PRM, is a system that will be obsolete before it becomes fully operational. The FAA is attempting to bring up the first operational model at Raleigh-Durham very soon. As a matter of fact, I believe today is their target date. Unfortunately, they are also considering a replacement model next year. Far too often, the FAA finds themselves in this situation. It is time to cut our losses and investigate true precision monitoring through Global Positioning Systems. GPS provides a more precise navigation system and also means that the programs we implement today will be obsolete in the near future.

Microwave Landing System, MLS. The initial desire for MLS in the late 1960s and early 1970s was well founded. However, since that time, many of the deficiencies of the ILS or the Instrument Landing System have been resolved. MLS is a very costly replacement.

The cost is not only experienced by the FAA, but it is felt by the airlines as they retrofit their aircraft for MLS ability. Again, with the seeming acceptance of GPS by the FAA, a Precision Runway Landing System utilizing this technology seems more realistic and cost-effective for all.

And, finally, on the programs ODAPS, Oceanic Display and Planning System, in 1984, the FAA envisioned a 36-month, $22 million project to develop and install ODAPS. It has now turned into 100-plus month, $51 million project; and we still have no reliable ODAPS. The clock continues to run; the cash register continues to ring. And it will, unless Congress says enough is enough.

The main component of ODAPS was to be the Conflict Probe. The Conflict Probe should provide—was intended to provide the oceanic controller with a “what if” function. At the latest SIM testing of the Conflict Probe by Hughes, 86 unresolved discrepancies were discovered. Few involved in the testing believe that Conflict Probe will ever become acceptably reliable.

Another problem with ODAPS that is more felt by the airlines is the daily delay in generating flight data strips. This causes extensive holding delays for aircraft during periods of moderate and above traffic. They take off from the major airports, and they find themselves holding before they could even enter oceanic air space. Sometimes—we have had two instances, one in upwards of 45 minutes. And it is simply because the strips weren’t being generated because the backlog by the machine.

It is not only an economic issue. It is a very real safety issue. To accommodate the failings of ODAPS, the New York Center has gone from one-person sectors in oceanic to two controllers at all times. The extra controller is not there to run more traffic, but the extra controller is there to update the information which should be accomplished automatically in ODAPS.

Compounding the problem is the fact that ODAPS—that the ODAPS program, the programs are written in Jovial, which is—I guess it is kind of fitting—in Jovial, which is a 20-year-old, seldom used computer language. So when changes are made or patches have to be written, then there is extensive training required just to teach people the antiquated language.

NATCA suggests that we cry uncle on ODAPS and utilize the Dynamic Ocean Track System, which is the DOTS equipment, until a suitable replacement can be found. DOTS is currently being used to assist oceanic traffic planning and does not have a functioning Conflict Probe. It is being used in a traffic management unit at the centers.

The system is in place at both New York and Oakland centers. Since we have a contract with the company that developed DOTS, there shouldn't be a problem purchasing the required extra PVDs.

We further suggest that the FAA investigate the feasibility of purchasing off-the-shelf technology and/or modifying the DOTS to provide all functions originally envisioned with ODAPS. Many feel that DOTS can be adapted to become the foundation to accommodate future advancements in technology or oceanic control. The Canadians and the Japanese both have had operating oceanic displays with Conflict Probe in place for years now. In fact, the software for the Canadian model was written by a Long Island, New York, company.

NATCA believes that the long-term improvement of FAA funding requires complete restructuring of the FAA. In the early days of the Clinton candidacy, we provided then-Candidate Clinton with the attached proposal to restructure the FAA as a quasi-government corporation. Of all the possibilities, this is the one that we feel shows the most promise.

We believe the quasi-government corporation would meet six essential goals: one, modernize the air traffic control and airports and airway system; two, provide funding stability; three, ensure autonomy and eliminate excessive layers of oversight; four, increase the efficiency of the ATC system; five, provide for an integrated safety system; and, six, assure fairness and equity to system users.

Under our proposal, the new authority would retain all of the powers currently held by the FAA. It is essential to keep all of the FAA functions under one roof, a belief held by the President's Aviation Safety Commission in 1988. Safety must be regarded as an integrated system in which all elements are coordinated to achieve maximum operational safety, efficiency, and reliability. Rulings and regulations that define safety requirements must also be part of any decision-making or operational process, lest we create a new layer of unnecessary management and oversight.

The new ATC corporation should have the authority to retain and utilize revenues; sue and be sued, and to conduct litigation in its own name; enter into contracts; and to acquire and dispose of property without regard to statutes generally applicable to government agencies; maintain bank accounts; borrow for the defined purpose of the authority; make grants and loans, and provide loan guarantees for airport development; submit a business-type budget as provided by the Government Corporation Control Act; determine the character and necessity of expenditures; hire and determine the compensation of officers and employees without regard to Civil Service laws; and acquire needed office space.

The future of the FAA will be determined by the ability to remove the Agency from the Federal budget process. However, taking the FAA off budget, while an improvement, does not go far enough. It is necessary to design a funding mechanism of user fees that will translate directly into system support. The Aviation Trust Fund just doesn't meet this challenge.

As a government corporation, the authority would establish a schedule of user fees calculated to fund its operations, research, investment, and development programs. For the first two years, user fees would remain at current levels. Thereafter, and subject to congressional approval, if legal, fees would be adjusted to offset expenditures.

The initial capital of the authority would consist of the accumulated Aviation Trust Fund balance; and, as mentioned in the above section, the Authority could then borrow money and issue and sell obligations.

We at NATCA believe that the FAA must be managed in a more businesslike manner. Decisions must be made with increased input from the users and the men and women who operate the system. Currently, the FAA squanders a tremendous amount of money making sure that its employees do not have input in its most important decisions. And this makes no sense at all.

Before I conclude, I just want to touch on one or two items which came up this morning; and I realize time is at issue. And I will make them brief.

First, I would like to thank Mr. Levy for his kind support on the Pay Demonstration Project. As one of his constituents and an employee of the New York TRACON, I personally greatly appreciate it. But I do want to correct a couple things that came up on pay demo over the course of the morning.

Mr. Del Balzo said that pay demo was entered into at a time when the pipeline wasn't there for new controllers, when it was hard to attract those into high cost of living areas, and when the overall experience level was down at those facilities. It is my contention, first of all, living in New York, that the high cost of living area has not changed at all. If anything, it has gotten worse.

Additionally, while some have been offset by locality pay, Chicago does not get locality pay. So when they lose it, they will lose the full 20 percent pay cut.

Additionally, the pipeline that wasn't there is the same pipeline that isn't there now. It was always there. They always took people out of the academy and put them into New York TRACON, as they did with me when I came into the system 10 years ago. The idea is to try to get people out of lower-level facilities and have people want to bid in, without wanting to bid out two or three years later, and getting more well rounded, better air traffic controllers who actually like where they are.

The experience level, as he states, is up now. But it is my belief it is only up because of the Pay Demonstration Project. There is an increase now of about—I believe it's about two to three years on experience level. And I can find out that exact figure. But we believe it is up because of the Pay Demonstration Project.

The other thing they said—Mr. Del Balzo says that there is "Safe Pay" for two years after the Pay Demonstration Project terminates. And that is not correct. The memorandum that was entered into between the FAA and the union guaranteed one year of Pay Demonstration Project for anybody who bid in under the conditions of expected Pay Demonstration Project.

So, for instance, if it were to end next June, an individual who entered on duty, say at Chicago O'Hare this June, would be terminated along with the rest. An individual who entered three months later would get a three-month extension on that Pay Demonstration Project, because they have to guarantee that one year. But that is the only guarantee there is.

One of the other things I wanted to bring up was something that you had indicated earlier. You had said that an indicator of systems stress is overtime. And while that always has been a fairly accurate indicator, it doesn't take into account the new laws and regulations which allow alternate work schedule. And under alternate work schedule, while they are reducing overtime, they are increasing the use of compensatory time, increasing the use of flexible work schedules, and increasing the use of credit hours.

So what they are essentially doing is, from a monetary standpoint, the system is better, but it is not changing the stress on the system. It is just that there is no tracking method to provide to Congress those figures for compensatory time used, credit hours earned and used, and how flexible work schedules are impacting on it.

So while the monetary issue may appear that the system is getting stronger, it is still just as taxing on the individuals within the system.

Mr. OBERSTAR. If I could interrupt you there, the information available is not broken down by unit. That is, if you looked around the country, you may find centers, TRACONs, and towers that have no overtime work at all and others that have substantially large numbers of overtime hours worked.

And that is where you need to reevaluate the staffing standard and make individualized judgments about where to locate personnel, where to invest our resources.

Mr. KRASNER. I agree with that. My only point in that was in many of those facilities where they were using overtime, in many of them they have cut the overtime simply because they didn't have the overtime dollars. So then you find more people working without the overtime, which is an increasing work load.

Now we could argue whether that is productivity or whether that is increased work load; but in many of those facilities, they are replacing the overtime dollars with compensatory time. And the compensatory time is carried over as opposed to being cashed in.

So there is no tangible dollar figure that is attached to it in any reporting to Congress. And that may just be something that must be looked at if we are looking to indicate the strength of the system overall.

The last area I wanted to touch on was the proposed contracting out of level-one towers. And as you can imagine, we are not in favor of that. We believe they should be retained by the FAA. Mr. Del Balzo indicated that it costs $450,000 to operate a level-one tower, where it would take $250,000 to operate a contract tower. I do share your concern that an FAA tower operated with seven or eight people could all of a sudden be operated by a contract tower with perhaps three or four or five people.

But, additionally, one interesting point is that the FAA has always used level-one towers as training tools for their managers. So they will bring in a manager from another facility, and this manager will spend one year as the manager—a supervisor might spend one year as the manager of a level-one tower and then move on to bigger and better things.

Well, in doing so, we have inflated the cost of level-one towers in that the majority of these people coming in to act as managers of level-one towers are GS–14 pay grade, as opposed to the GS–11 pay grade that is called for for a manager of a level one, because they indeed do retain pay and grade.

Additionally, we are paying a PCS move to bring them in to give them a year's training and then a PCS move to move them out on the back end. So without going any further, it is the way we are operating level-one towers now. We are talking about—even if Mr. Del Balzo's figures of $30,000 for an average move, we are talking $60,000 for two PCS moves plus the $25,000 difference in the salary of what a manager should be getting. So that is, right off the bat, an $85,000 savings just by operating level-one towers within the FAA the way we are supposed to be operating them.

So I would contend that we should probably look at that a lot more closely before we just decide to contract them out. The savings we think is there may not be there. It may be possible——

Mr. OBERSTAR. We will do that, Mr. Krasner. We are going to ask the FAA to submit, in writing, documentation on the points you just raised and on the points that I raised earlier today, and especially in this matter of how overtime is being used, whether, in pay, or compensatory time, and those facilities in which there is overtime and how that overtime is being handled. So we will——

Mr. KRASNER. I thank you, sir. With that, that concludes my comments. And myself and Mr. Faville will be happy to answer any questions you have.

Mr. OBERSTAR. We have a vote on the House Floor. I will have to recess and get back as soon as I can.

[Recess from 2:45 to 3:32]

Mr. OBERSTAR. The subcommittee will resume its sitting.

The Chair will, again, apologize to our witnesses for the long delays and unanticipated recorded votes on the House Floor. We are now at the top of a 15-minute recorded vote to be followed by a five-minute recorded vote. If we don't take the witness' testimony, their main testimony now, it will probably be 4:30 before we are able to do so. I just think that would be an unreasonable request to ask witnesses to wait that long.

Please, Mr. Johannssen, summarize your testimony as best you can in seven or eight minutes. And we may have some questions, and then we will have to adjourn the hearing.

Mr. JOHANNSSEN. I would be happy to, Mr. Chairman.

Thank you for allowing me the opportunity to testify today. As you know, President Clinton has called for a change in America, and we hope that this subcommittee will recognize and address the problems that we present in our testimony.

We submitted the complete testimony for the record. We believe that we have an opportunity to make the change and to achieve goals laid out by the new administration if the problems we have identified are resolved.

Undoubtedly, you are aware of the House Appropriations Committee's proposal for the operations budget for 1994, which is $780 million less than that requested by the administration, and 470 million below the 1993 level.

Although I realize that times are tough, I nevertheless appear before you today to address the serious problems which our work force will encounter as a result of the continued lack of funding for FAA operations. We believe that many of these problems can be alleviated, however, only if both the FAA and Congress investigate and revamp current FAA spending.

By dealing not only with the inadequacies which plague our national airspace system, Congress and FAA will be able to protect the integrity of the aviation industry in general and the safety of our skies specifically.

I will now focus on some of those areas. We are particularly concerned about the moves towards contract maintenance. We have realized over the years that certain things can be contracted out and others shouldn't be. We have compiled a list, which we presented in our testimony, of failures of contracting out, the seriousness and the extended costs, and the attack of the morale of the employees who have been maintaining this system under tough stressful conditions for a good many years with the highest level of productivity of any government in the world.

We believe that if we do go to a contracting out process, it will serve no one, it will just be a very costly investment. With no gains. I will just quote the GAO, when they took a look at this last year. They complimented the system for the 98.9–99.8 percent reliability but also did take a look at contracting out and found that the Agency estimates they would save about $45,000 per staff year, compared to using contract staff.

So when we are talking about contracting out positions and the FAA itself recognizes that there would be a savings of $45,000 per staff year per person, we think that is good evidence that we should continue with what we have been doing so well all this time.

There is also a number of logistical setbacks that creates problems with the contractors. They generally come in on new equipment, as it is now, maintaining just theirs. And if we are to bring in contractors to maintain the various kinds of equipment we have, which numbers in the thousands of different, we would have so many different contractors running around our facilities, we couldn't afford the badges to put on there to identify.

One quick example of that was the Qualimetrics, a private contractor who was hired to maintain the Automated Weather Observation System. They are unable to maintain that contract and fulfill FAA's requirements. Therefore, the people who should have been maintaining that equipment in the first place, we will now be taking over and maintaining that equipment.

Similarly, the Weather Reporting Service, going down to Atlanta out of the Northeast, took them three months to fix a simple problem. Took them two months even to accept the fact that it was their problem. And we have the documentation for all of that. We would be happy to supply the subcommittee with that. And there's many, many stories of the same thing.

We would like to point out also that there is a drastic problem between the staffing standards as has been pointed out many times today. But I would like to just approach that from a different point of view.

There is a problem with the staffing standards. We have testified to that fact for many, many years now. There are a number of things that our people are required to do that do not appear in any of the formulas of the staffing standards, and we fully support a realistic view, a real investigation on what they should be, and compliment the folks who testified before me today. And your position, I understand is the same, is that we should go facility by facility, because, truly, each facility, as often as they are alike, they are different; and we really need a fresh look and a realistic look of what it is we need. We would certainly support whatever that is.

Earlier today we talked about some employee development processes and labor management collaboration. I am happy to say that we are involved in a program called Employee Involvement Process. It has done a wonderful thing, both for the dealings with FAA and problem solving. I have an example in my testimony—several examples.

Recently, the eastern region of FAA was caught several million dollars short, and they did things differently. They called us in, said they had a problem; we sat down, and we fixed it. And within two weeks' time, each facility, separate sector, we said we need 50,000 bucks from each one of you guys; how are you going to do it? They sat down with us, management, told us what the problem was, opened the books; and in two weeks, we found $50,000 in each one of those small facilities where we could cut.

Individuals are being complimented—or should be complimented. People gave up some of their holiday pay. They got into their own pockets. They gave up automobiles or rearranged schedules so the Agency could make that money.

And I think when a program gets to the point where our public employees and the union and management is working that closely together, we should not lose the concept and we should take a better look at it.

It is my sense that 3 to 10 percent of what we pay for government today could be saved if all the Agencies of the government practiced by our example. And let me add that NATCA is also involved in a program like that, and I think they will speak for it, but I think they would say similar things.

There has also been problems with equipment delays, as well as training obstacles. All those things need to be addressed.

We also represent Flight Standards Aviation Safety Inspectors, and there has been a lot of discussion here today on the problems. And there are problems around qualification and currency. Any effective utilization of that work force—they are highly paid, motivated inspectors, and are used for clerical skills and a lot of other kinds of things that they shouldn't be doing. The Agency does have the position that would allow the inspectors to do the work of the primary carriers and where they should be spending their time.

And, unfortunately, the case is they are doing more paperwork and the kinds of things that others could do at a much reduced price. The difference from what they are paid to do and what they end up doing often is about $13 to $15 an hour. And certainly that is no economy. We need to supplement that work force. The numbers of inspectors themselves are fine. We don't think there's any more staffing required, just a staff doing the paperwork. And that will save us a lot of money and time, and we will have a more effective inspection program.

We spoke earlier about software problems within the flight standards and a number of things that are occurring. There are some real nightmares. The computer software used within several of the automated systems within flight standards is inappropriate. The implementation of the Automated Operations Specification Subsystem has only intensified these problems. Despite constant complaints, the system has not been modified since its implementation; and instructions are still subject to inspector interpretation because of the lack of training. That just causes the aviation safety work inspector work force to be frustrated by the program and the FAA, and that looks bad.

Quite frankly, it loses their credibility with the air carrier and the public because of that. That is one example. There are many others. The old system has no sign off—has a complicated sign on, sign off procedure. And the Program Tracking and Reporting System, the PTRS, which should be providing information, information is put into the system and very often cannot be retrieved. Therefore a great deal of time is spent and nothing is gained from it. There needs to be a lot of corrective things in that area.

The FAA inspection policy also needs to be revamped. We have qualified aviation safety inspectors whose job it is to be in the cockpits of the air carriers. And very often the case is they travel throughout the system and they are not allowed in the cockpits to do their work because they may be going to training or they may be coming to headquarters.

And we have been trying to work with flight standards to say any time one of those safety inspectors is required to travel, it would enhance the safety of the system if they be allowed do their job while they are on that aircraft. We believe that there would be millions of dollars worth of saving. That is what we pay them to do. But, unfortunately, they don't spend the time in the cockpit that they could be provided to the public, and they are willing to do that.

Mr. OBERSTAR. Mr. Johannssen, I regret very much I am going to have to interrupt you there. We have three minutes remaining on this vote to get from here to the House Floor to vote.

I greatly appreciate—you have given us a very kind insight into the inner workings of the FAA. And the responses that we got this morning from FAA and DOT really are at variance to some degree—and some considerable degree on certain ones—with testimony that you delivered this afternoon.

I appreciate your insights into the air traffic control contract training, the costs, and the value of the product delivered. The staffing standard issue is one that we want to visit.

I certainly compliment PASS and NATCA on the cost savings initiative. You are right, if others in government would do that, we could certainly generate a great deal of public enthusiasm, interest, and support.

I appreciate your comments about the savings if you keep the work in-house, rather than contracting it out.

I think this matter of level-one towers needs to be revisited in more detail with the FAA, and we shall do that.

And I greatly appreciate your presence here today. You have been most helpful to the committee. And we shall continue to work with you. Appreciate your support.

Mr. JOHANNSSEN. Thank you.

Mr. KRASNER. Thank you.

Mr. OBERSTAR. The subcommittee is adjourned.

[Whereupon, at 3:45 p.m., the subcommittee was adjourned.]

PREPARED STATEMENTS SUBMITTED BY WITNESSES

STATEMENT OF THE HONORABLE MORTIMER L. DOWNEY, DEPUTY SECRETARY OF TRANSPORTATION, BEFORE THE HOUSE COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION, SUBCOMMITTEE ON AVIATION, CONCERNING THE FEDERAL AVIATION ADMINISTRATION'S OPERATIONS ACCOUNT. JUNE 30, 1993.

Mr. Chairman and Members of the Subcommittee:

I welcome the opportunity to appear before the Subcommittee today concerning the budget for FAA's Operations account. Accompanying me is Joe Del Balzo, Acting FAA Administrator.

As a backdrop for this discussion it is important to note that achieving the goal of a hard freeze on discretionary spending, as set forth in the Congressional Budget Resolution, requires that both Congress and the Administration accept the fact that all programs will face severe budget constraints. Operational programs like FAA's are of special concern because of their high outlay rate and the fact that they are driven toward growth by factors beyond our control. In addition, efforts to support the President's investment initiatives will require reductions in the base to make room within the caps. As a measure of this challenge, the Congressional Budget Resolution calls for reductions of $5 billion in outlays from the President's FY 1994 Budget and $14 billion in outlays from the Administration's budget plan for FY 1995.

At the same time, there are signs that the economy is improving. While we are hopeful that growth will continue and expand, we must recognize that a growing economy will have workload implications for operational agencies like FAA. Hence, we face the two-pronged challenge of how to manage deficit reduction while at the same time operating to manage our workload effectively and investing to support economic growth.

As this Subcommittee knows well, the FAA is charged with far-reaching responsibilities for the safe and efficient operation of our Nation's air transportation system. One of the critical elements of the agency's budget that enables it to fulfill these responsibilities is the Operations account, which supports the men and women who assure that the American traveling public continues to enjoy the best air transportation system in the world.

Our FY 1994 budget request for the FAA's Operations appropriation places a continued emphasis on the safety, security, and efficiency of the national airspace system. To meet these objectives we have requested $4.576 Billion, which amounts to an increase of less than 1% over the FY 1993 funding level. This increase is intended to cover inflation and other non-discretionary cost increases that will be experienced next year. Little growth is expected in the demand for FAA services and FAA's management is working on cost savings to offset most increases.

Components of Budget

Slightly more than three-quarters of the Operations appropriation supports FAA payroll costs, while most of the remainder goes for rent, contracts, communications, and utilities and other operational costs.

This year's Operations request has been carefully constrained. It reflects the Administration's commitment to bringing our Nation's deficit under control. It represents the kinds of tough choices we must make if we are to succeed in that effort. But it also reflects our judgment of the safety and efficiency needs of our air transportation system. We believe that the funding level we have sought will provide us the ability to meet those needs. The safety of our air travelers must be and has been the foremost consideration in our development of this proposal, and the Administration's commitment to aviation safety will not change.

The total staffing for the FAA supported by the President's requested funding level in FY 1994 is 48,922 FTEs. This overall staffing level reflects targeted workforce reductions as part of the President's objective to reduce civilian employment, but continues to provide the necessary resources for the FAA's safety workforces.

We estimate, for example, that the controller workforce at the end of FY 1994 will be 17,871, which is equal to the projected end of year level for this year. This staffing level will adequately meet the operational needs of the system since air traffic operations are expected to remain relatively flat.

The funding we seek in the Operations appropriation will also provide for end of FY 1994 staffing levels of 3,441 in the flight standards workforce; 848 in the aircraft certification workforce; and 852 in the civil aviation security workforce. These levels all reflect planned efficiencies from the projected 1993 levels.

Actions to Plan for Future

As we look ahead to the future, the budget outlook for the Operations appropriation--as for virtually all Federal accounts---is for continued constraint. We will need flexibility, of course, to respond to the dynamic nature of the air transportation industry and I would hope that future Congressional actions do not put undue limits on that flexibility. We will need to support the rebound of our air transportation industry, which is a vital service to a healthy national economy. And, as I said earlier, the safety of our Nation's air passengers will remain our highest priority. In the spirit of "reinventing government" the FAA is aggressively working to find additional ways to achieve productivity and safety improvements at less cost.

For example, closing low activity VFR control towers which do not meet FAA's criteria for continued operation would provide significant savings, as would contracting out operation of those low level towers that do meet operational criteria. FAA currently operates about 400 air traffic control towers, of which about 100 are Level I VFR towers. We also need to look at FAA-provided services, like the Direct User Access Terminal System (DUATS), which can be provided commercially or which we should charge for.

We also must look at operating and staffing costs, including revisiting FAA's staffing standards and permanent change-of-station policies. We need to reexamine FAA's overall pay and benefits policies, like the pay demonstration program, which might have outlived their usefulness or not be cost-effective. And, of course, we need to exercise continued prudence about travel, office equipment and support costs.

The work underway in the FAA under the Capital Investment Plan will provide for increased safety and productivity in our air traffic control system. Over time, it will bring increased economic payoffs both in terms of reducing FAA costs and in savings to airlines and aircraft operators. These investments represent the kinds of thinking and planning that can bring the best possible air transportation system at the least cost to system users. The FAA is also exploring management efficiencies that will permit it to accomplish its critical missions in a cost-effective way. For example, FAA is considering a variety of approaches to reducing overhead costs such as printing, rent, utilities, and travel. Agency officials are looking as well at possible office and facility consolidations, and at different ways of providing common services across current jurisdictional lines.

In closing, Mr. Chairman, I would like to acknowledge the support you and the Members of this Subcommittee have provided the FAA, and your commitment to advancing the safety and efficiency of our air transportation system. We share your commitment. Given the very difficult budget climate we face, we must work together to assess the way we do business and what changes must be made to operate effectively in a thin budget environment.

That completes my prepared statement. Mr. Del Balzo and I would be pleased to respond to any questions you may have at this time.

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TESTIMONY OF HOWARD E. JOHANNSSEN, CHAIRMAN

PROFESSIONAL AIRWAYS SYSTEMS SPECIALISTS (PASS)

BEFORE THE

HOUSE COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION

SUBCOMMITTEE ON AVIATION

JUNE 30, 1993

Chairman Oberstar and Members of the Subcommittee:

Good Morning. My name is Howard Johannssen, and I am the National Chairman of the Professional Airways Systems Specialists (PASS) - District No. 1 - MEBA/NMU (AFL-CIO). Thank you for holding this hearing and for allowing me the opportunity to testify before you concerning the Federal Aviation Administration's (FAA) operations budget for FY 1994.

Since 1977, PASS has served as the exclusive representative for Technical and Aviation Systems Specialists employed by the FAA. Presently, PASS proudly represents more than 10,000 FAA employees, including the **Airway Facilities (AF)** employees who install, repair, maintain and certify the entire realm of electronic, electro-mechanical and environmental systems used in air traffic control and national defense; the **Flight Standards Aviation Safety Inspectors (FS)** who oversee and inspect every aspect of the commercial and general aviation industry; and the **Office of Aviation Systems Standards (AVN)** employees who are Flight Inspection Pilots, Flight Procedures Specialists and Electronics Systems Specialists. As you can see, our work force is a crucial component of the FAA. On a daily basis, these highly skilled and dedicated men and women perform critical safety-related tasks which protect the flying public.

Undoubtedly, you are aware that the House Appropriations Committee has proposed an operations budget for FY 1994 which is $780.78 million less than that requested by the Administration and $469.78 million below the FY 1993 level. Although I realize that "times are tough" economically and that Congress has had to make some hard choices on where to cut spending, I nevertheless appear before you today to address the serious problems which our work force encounters and will encounter as a result of a continued lack of funding for FAA operations. More importantly, however, I would also like to discuss how many of these problems can be alleviated if both the FAA and Congress investigate and revamp current FAA spending. Only by dealing now with the inadequacies which plague our National Airspace System (NAS) will Congress and the FAA be able to protect the integrity of the aviation industry and the safety of our skies in the future.

AIRWAY FACILITIES (AF)

In December 1981, the FAA embarked on an ambitious, comprehensive plan, the National Airspace Systems Plan for Facilities, Equipment and Associated Development (NAS Plan), for modernizing and improving air traffic control and airway facilities services. By design, the NAS Plan is "to provide for the safe and efficient use of the nation's airspace, while minimizing constraints on its use." However, as the FAA struggles to make the NAS Plan operational by the year 2000, the Agency has begun to realize that "implementation of the NAS Plan has had and will continue to have a significant impact on the maintenance operations of the AF sector."

Without a doubt, our AF work force has indeed felt this impact, and unfortunately, decreased FAA funding has only intensified the repercussions. I will now focus on specific areas of concern for Airway Facilities personnel, particularly, the FAA's need to invest in our Systems Specialists in order to effectively contain costs and to comply with spending guidelines.

CONTRACT MAINTENANCE

In the early 1980s, our AF profession relied on more than 11,600 Systems Specialists to maintain 19,000 FAA facilities and systems throughout our nation. Today, while the number of facilities and complex electronic systems has increased to almost 29,000 and while Systems Specialists continue to be solely responsible for the upkeep and the safety of these systems, our professional ranks have been reduced to under 6,000 trained, partially trained or untrained Specialists.

Consequently, within the AF work force, significant staffing shortfalls exist which not only increase maintenance workload but which also result in eight of the nine FAA regions being dangerously understaffed. Clearly, there is an urgent need for growth within our field maintenance work force. In fact, after analyzing staffing levels within the FAA, the General Accounting Office (GAO) last year recommended that by FY 1995, "a field maintenance work force of about 11,900 will be needed -- an increase of 3,000 over the present number."[1]

Yet, as a solution to the myriad of staffing and training problems now hindering the AF work force, the FAA has resorted to contracting out the inspection, repair, and maintenance of FAA systems and equipment. This is a practice PASS strongly opposes. Given the enormous price tag associated with contracting out, as well as the logistical impracticalities it engenders, we firmly argue that contracting out contributes nothing to long-term growth but, rather, results in a misuse of the scarce funds which are available for FAA operations.

If the practice of contracting out continues, our staffing shortage will deteriorate to an unprecedented level and ultimately, taxpayers will be forced to assume the financial burden. Because Systems Specialists spend on the average of three to five years in training before they are fully certified, there is an urgent need to filter new Systems Specialists into the training pipeline now. Instead, the FAA is investing the money that should be used to hire and train new employees on private contractors who, once their maintenance contract expires, continue to work for the contracting company.

Appearing last year before the House Transportation Appropriations Subcommittee, the GAO testified on the high costs of outside contracting, particularly with regard to FAA modernization. In its conclusions, the GAO praised the "excellent efforts" of Systems Specialists in maintaining "the overall system availability at about 99.8 percent" despite many setbacks. Also, the GAO questioned why the FAA "did not consider using in-house staff, which the Agency estimates would save about $45,000 per staff year compared to using contractor staff."

How can the FAA justify such an outrageous expenditure when, to be blunt, no one works as efficiently, as cheaply, and as quickly as the Systems Specialists who work for the FAA? While Systems Specialists have chosen this business as a career, contractors have chosen it for profit. In a year where the focus has been on "trimming government waste," this is clearly an area where the Administration and Congress can and should intervene.

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[1] Statement of Kenneth M. Mead, GAO Director, Transportation Issues, Resources, Community, and Economic Development Division, before the House Subcommittee on Transportation and Related Agencies, Committee on Appropriations, April 6, 1992.

Obviously, in addition to financial drawbacks, contracting out presents many logistical problems. First, even as a short-term proposition, there is no assurance that private contractors can or will perform the job as competently or as efficiently as FAA employees. As most FAA Systems Specialists in the field can attest, the maintenance of the NAS is becoming increasingly difficult, and problems in the automation systems in use at Air Route Traffic Control Centers have more than doubled.

Private contractors who have limited background and training on these systems only compound the existing problems and create an even greater workload for the already short-staffed AF work force. In the New York Center, for example, contractors that are assigned to help Technicians in Depth (TIDs) spend more time actually being trained by the TIDs as to where, when, and how to perform the assigned tasks than they do relieving the TID. Wouldn't it be more efficient and cost effective for the FAA to hire another tech that could be trained and be of value in the years to come rather than wasting the time and the money on a contractor position?

Similarly, in all of the Eastern Region AF GNAS Sectors (except for the New York and Washington ARTCCs), Qualimetrics, Inc., a private contractor, has been hired to maintain the Automated Weather Observing System (AWOS), a system which is crucial to providing accurate and timely weather information. However, because Qualimetrics has not met the FAA's requirements and because of delays in repair which have lasted as many as three months, the FAA (according to a memorandum dated 5/17/93) is planning to transition AWOS from contract maintenance to FAA maintenance. Again, the FAA should invest from the start in its employees who have consistently performed well under trying circumstances rather than relying on private contractors who cannot measure up to this high standard.

The presence of outside contractors also poses a serious and inevitable morale problem for the AF Systems Specialists and may consequently increase the rate of attrition. To reiterate, the current AF work force, including supervisors, stands at 8,900. Of these, approximately only 6,000 are "hands on" systems specialists. By 1995, there will be a need for 11,900 employees; yet, 38% of the current work force will be eligible to retire. Without immediate action, the FAA will face a potential shortfall of 6,300 employees (or 53%) in less than two years.

As you can see, contracting out creates both a short-term problem -- in seeing that the required maintenance and certification are performed -- and a long-term problem -- in staffing Airway Facilities positions to ensure that permanent needs are met. Obviously a solution must be found before our skies become unsafe and the National Airspace System is unable to expand to meet the required needs.

Just as strikers feel jeopardized by replacement workers, our Systems Specialists feel threatened by outside contractors. Because our AF work force is essential to the flying public, the FAA must maintain harmony and foster morale to ensure quality and safety. Contracting out only hinders efficiency and growth, thus stifling progress within the Agency.

Given the unfortunate closing of many defense installations, electronic technicians who have worked for the Department of Defense and who have training and experience on similar airways systems and equipment are now available for hire by the FAA. Although these DOD technicians may need some supplemental training, PASS believes that their experience is far more valuable than any experience a private sector contractor may have. Thus, we recommend that the FAA hire displaced DOD employees; such a step would surely result in a more highly skilled work force and could provide the necessary impetus which leads to a long-term solution.

For FY 1994, the FAA had submitted a budget request for contract maintenance in the amount of $51.7 million -- an increase of $29.6 million over FY 1993. Fortunately, the House Appropriations Committee (HR 2490) has acknowledged that "contracting out would lead to significantly higher agency costs, with no additional benefits." Therefore, the Committee found that there is "no reason why the FAA should increase its contract maintenance program and capped funding for contract maintenance at the fiscal year 1993 level." Moreover, the Committee authorized that the funds which were cut from the contracting out request instead be used to "restore 237 staff years to the FAA's in-house maintenance work force, resulting in an increase to the budget request of $15,000,000."

Although PASS praises the Committee for authorizing that these funds be allocated for staffing, we nonetheless believe that problems will persist if the FAA continues to take a "band-aid" approach to its problems. If the FAA had its way, absolutely nothing would be spent to hire new Systems Specialists to close the staffing gap which exists now and which will widen as more and more of the work force retires. Thus, we hope that Congress will stay on top of this situation and continue to reduce contract maintenance funds. At the same time, we hope that legislation is passed requiring that the FAA apply the same dollars it seeks for contract maintenance to the hiring of the 3,000 Airway Facilities employees that are needed to meet the goals set under NAS projections.

EMPLOYEE INVOLVEMENT (EI)

Within the last eight years, PASS and the FAA -- through a highly praised Employee Involvement Process (EIP) -- have made significant progress in enhancing labor-management relations, operational efficiency, and productivity. Established in 1985 as a two-year pilot program, the EIP has expanded into a nationwide effort to improve and to strengthen organizational operations through joint problem solving and collaborative decision-making. Under the designs of this program, for instance, employees are encouraged to offer the FAA input on issues, such as staffing allocations, regional budgets, job classification, equipment acquisition and installation, work schedules, and employee training.

To date, the PASS/FAA EIP has helped to alleviate and to avert many problems; the significant decrease in the number of employees filing grievances is just one sign of this success. Today, EIP continues to receive an extremely high priority within Airway Facilities and PASS and is jointly recognized as vital to the successful mission of the Airway Facilities organization. The EI Process is Airway Facilities' commitment for a system-wide organizational change to total quality management. It is through the demonstrated partnership between management and the union leadership that employees have become empowered to participate in the decision making process.

Applying the principles of the EIP, PASS and the FAA have effectively achieved many results. For example, within the Eastern Region AF Division, a crisis evolved around a budgetary shortfall of $2.58 million. Faced with the challenge of trying to find ways to reduce the operating budget between April 1993 and September 1993 when the fiscal year ends, the FAA asked the union for help.

After evaluating the situation, each PASS Sector Representative and his/her equivalent FAA Sector Manager collaborated to develop a written proposal on what and how monies would be cut. Each of the ten sectors were asked to cut approximately $50,000 from their remaining budget, with the region and the Washington headquarters cutting the remainder. From the onset, the budget was analyzed not just from a manager's point of view, but also from the employees' perspective. Taking prudent and imaginative actions, the sector management/union teams were able to design a minimum operating budget that did not adversely impact the operational safety of our skies.

The new Southern California TRACON provides another excellent example of the demonstrated effectiveness of the EIP. In this new facility, which is scheduled to be fully operational by January 1994, "we -- PASS, NATCA, and the FAA -- have designed and delivered a major systems project on schedule and below projected costs" by utilizing the EIP. Certainly, as a result of the EIP/QTP, many lessons can be learned and many system accomplishments can be gained which should be the bed rock for improved governmental operations, not just in the new FAA culture but throughout all federal agencies.

As you can see, these cases offer further proof of the benefits of employee involvement. Without the EIP functioning in the Airway Facilities division of the FAA, the FAA would surely suffer. Given the decreased funding for FAA operations, as well as the increased use of contracting out, however, PASS is worried that these accomplishments will be endangered and further development will be threatened. Therefore, we strongly urge Congress to recognize the importance of the EIP by continuing to allocate the funds necessary to achieve its worthy goals throughout the FAA.

EQUIPMENT DELAYS

As you may remember, I appeared before you on March 10 of this year to testify on the problems in the FAA's Advanced Automation System Project (AAS) which is a component of the NAS Plan. The AAS will enhance and eventually replace existing automation equipment. Not only must our members train for new technology, but they must also maintain the current systems and equipment to the highest degrees of reliability despite increased technical delays and outages. Equipment caused delays in the NAS have increased so dramatically that by FY 1992, for example, the mean time to restore equipment had reached a high of 14.23 hours.

It is imperative to remember that the FAA cannot continue to understaff and to eliminate technical positions based on efficiency projections of equipment not yet in place. Full implementation of the AAS will be -- at the bare minimum -- three years behind schedule. Other systems have been similarly delayed. The void in necessary talent must be filled now. Likewise, equipment requirements must be re-evaluated once new systems are installed and, more importantly, operational.

TRAINING OBSTACLES

Given modern technology, coupled with the on-going reorganization of the AAS, new equipment seems to be arriving at AF facilities on a daily basis. In order to operate and to repair this equipment, Systems Specialists require extensive training. Like staffing levels, however, training has also fallen victim to budgetary cutbacks.

Through many previous fiscal years, the AF had very well-seasoned and cross-trained journeymen, with above average experience. Because of diminished funds and decreased staffing and hiring levels, effective training for Systems Specialists is consequently becoming a thing of the past.

Unless the technical training program is fully supported and funded, the NAS could very easily reach a point where there are not enough trained Specialists to fix or to certify new and existing equipment. The end result would be to discontinue use on this equipment to ensure that unsafe equipment is not used. Systems Specialists recognize that it is better to have airplanes waiting than to operate unsafe equipment or equipment whose safety is unknown.

Certainly, the staffing and training shortfalls which have resulted from insufficient budgetary allocations have unavoidably led to more and longer equipment outages, as well as more delays for aircraft and air travel. Not only do these continued delays impede the morale of the Systems Specialist work force, but they also deteriorate public confidence in air safety, therefore reducing the overall amount of air travel.

Because of the technical nature of these positions, it will no doubt take many months to recruit adequately qualified personnel. We would hope that this Subcommittee would require the FAA to provide staffing progress reports as needed. We believe that once an adequate staffing level is reached, we will have a work force capable of absorbing attrition and of performing the necessary technical and safety functions.

FLIGHT STANDARDS AVIATION SAFETY INSPECTORS (FS)

The Aviation Safety Inspectors of the Flight Standards Service represent the backbone of the FAA's aviation inspection program. According to the February 1993 FAA **Administrator's Fact Book**, the FAA employs approximately 2,400 Inspectors to oversee 6,054 air carrier and air taxis aircraft, 4,439 repair stations, 547 pilot training schools, 177 maintenance schools, 641,477 active pilots and 198,500 general aviation aircraft. Please note that these Inspectors are the only FAA employees with "Safety" as their middle name.

Primarily, Aviation Safety Inspectors are responsible for: 1) the routine surveillance of airlines and aviation-related activities which involves continuous, periodic inspections; 2) the certification of an airlines's operations and maintenance procedures; 3) the certification of air personnel; 4) accident and incident investigation; and 5) the overall promotion of safety.

QUALIFICATIONS AND CURRENCY

Without a doubt, our Aviation Safety Inspector work force is a professional and dedicated group. The FAA has established standards which, at the minimum, require one to possess certain credentials and to have attained specific skills in order to qualify for employment as an Inspector. In addition, the majority of Inspectors have at one time been employed as either Maintenance Supervisors, Chief Pilots, or Directors of Operations or Maintenance. Unquestionably, Inspectors are among the most qualified air personnel in the world.

Unfortunately, because of a perceived conflict of interest, the Inspector work force is prohibited from engaging in outside employment in their areas of expertise once they are hired by the FAA. As a result, Operations Inspectors cannot fly for commercial operators, and Air Worthiness Inspectors cannot participate in the maintenance of civil aircraft. We find these prohibitions to be self-defeating and quite ironic given that the FAA demands that the Inspector work force remain current, qualified, and able to meet basic airmen standards, yet, at the same time, the Agency effectively denies opportunities for further experience and growth.

An opinion issued recently by an Ethics Officer for the Central Region illustrates how unnecessarily restrictive and outdated the FAA's limitations actually are. In responding to an October 24, 1992, memo written by an Inspector who questioned the propriety of flying for a Part 91 operator as a required or non-required crewmember, the Officer decided:

> "Order 3750.4A stipulates that you [an Inspector] may not log flight time with any operator under the jurisdiction of the Flight Standards District Office (FSDO) where you work. Whether or not the Inspector pays or is paid for the time is irrelevant. Flight time itself is considered something of value conferred to you [an Inspector] and thereby appearances of conflict of interest must be avoided.
>
> Naturally, there is no prohibition against renting an airplane under the same terms as the general public in your area. Any discounts or special conditions must be avoided. The bonds (sic) of these rules extend only to the limits of the jurisdiction of the Des Moines FSDO. You may fly for or with an operator of any type outside the limits of the Des Moines FSDO. You may log time and even accept compensation. The Operator must have no relationship with your FSDO. This would include any bases or routes within Iowa. In other words, any aviation activity that may attract the regulatory attention of the Des Moines FSDO would disqualify the operator."

Certainly, Safety Inspectors are greatly hindered by such FAA policies and, resultantly, encounter tremendous difficulties as they struggle to remain current and knowledgeable. Unfortunately, the Inspector problems are only compounded by other serious impediments which will now be addressed.

INEFFECTIVE UTILIZATION OF THE INSPECTOR WORK FORCE

Although Congress has mandated that Inspectors spend a minimum 35% of their time performing inspections, the GAO reported last year that the FAA was clearly not meeting this requirement despite an on-going attempt by the Agency to develop "national guidelines for its inspection program that establish the number and frequency of inspections that must be undertaken." In our opinion, we believe the FAA is unable to meet these expectations and is still failing to provide the required percentage of inspections because of an ineffective use of available resources and an unequal distribution of staff.

Based upon personal observation and experience, FAA Inspectors continue to report that about 30% to 35% of the work accomplished in a FSDO is administrative and clerical rather than safety-related. As a result, the average Aviation Safety Inspector spends at least 25% of his/her time performing the following clerical and receptionary duties:

1. Typing;
2. Filing;
3. Preparing mailing lists;
4. Managing records and files;
5. Revising Advisory Circular, FAR, and FAA Technical Orders, etc.; and
6. Answering telephones.

Meanwhile, para-technical and clerical personnel could easily accomplish most of these tasks at substantially lower costs to the FAA. The average difference in pay between clerical and technical staff is $13.00 an hour. It does not seem cost effective to require GS-13 and GS-14 technical employees to spend a substantial percentage of time performing the functions of capable clerks.

Although the FAA has created a new position for Aviation Safety Technicians (Position Description at the GS-1802-08 level) that could be used to alleviate some of an Inspector's workload requirements for para-technical assistance, the positive impact that this new position could have on the Inspectors has been slight because of stringent FAA requirements and a lack of funds.

Presently, any new positions that are established within the FAA must be filled in accordance with current position and resource allocations and hiring freeze restrictions. No additional positions or PC & B funds are available to support creation of these positions, and there is no requirement that these positions be established in any office.

To remedy the position distribution imbalance, PASS recommends that funds be allocated to hire 240 Aviation Safety Technicians and 300 clerical employees to support the present Aviation Safety Inspector work force. Without the addition of an adequate support staff to serve in an expanded technical role and without the relief of burdensome, routine clerical duties, the present ineffective usage of inspection staff will continue.

COMPUTER SUBSYSTEMS AND COMPUTER SOFTWARE PROBLEMS

On a daily basis, Safety Inspectors face a multitude of computer, equipment and software related problems. Implementation by the FAA of the Automated Operations Specification Subsystem has only intensified these problems by requiring that operator companies observe stringent procedures when new operations specifications (ops specs) are generated. The FAA's change to the ops specs subsystem has caused confusion with the operator, has created new input work sheets, and has replaced the entire package.

Despite constant complaints, the system has not been modified since its implementation, and instructions are still subject to Inspector interpretation because of a lack of official training. With just cause, the Aviation Safety Inspector work force is frustrated by this program, and the FAA has suffered a loss of credibility with the Air Carrier Public.

This is just one example of the nightmare of computer software problems which plague Aviation Safety Inspectors. There is also the OATS system which has complicated sign-on/sign-off procedures and the Program Tracking and Reporting System (PTRS) from which information cannot be retrieved.

The amount of information being placed in the FAA's computer systems is so great that it is difficult or impossible to retrieve because there is no interface between software systems. To reach a specific program, a computer operator must move through a morass of different modules. When information is finally located, it is often redundant. Finally, the time required to print any document is at least ten minutes, and each document or page that is printed is separated by a non-reusable blank page to separate the print jobs. Surely, even the most advanced computer user would find the FAA's computer systems unfriendly!

THE FAA ENROUTE INSPECTION POLICY

Last year, we testified that the FAA could utilize its Inspector resources more effectively and save approximately one million dollars each year by expanding its "enroute" inspection policy to enable Inspectors to fly in the cockpits of our nation's air carriers whenever possible. When an Aviation Safety Inspector flies in the cockpit of an air carrier, we believe that the flight will be inherently safer.

Although we attempted recently to venture into a cooperative effort with the FAA to produce a document on the enroute policy for the Inspector work force, our efforts unfortunately met with no success. The intention of this document was to meet the Congressional mandate on safety in the United States aviation industry and to fulfill the requirements of the National Airspace System Plan. If implemented, we believe this document would have saved the FAA significant money and would have enhanced safety by providing for utilization of all the Aviation Safety Inspectors employed by the FAA.

Because of the conflict of interest concerns previously mentioned, the FAA was unable to produce a document which met our objective of placing Safety Inspectors in cockpits. Wouldn't you agree that it is quite ironic that managers and supervisors of Flight Standards Service, as well as Air Traffic Controllers, may use the jump seat for travel without an appearance of conflict of interest, but Inspectors who are trained to be and should be in those cockpits are forbidden?

Although PASS would strongly recommend that funds be allocated for the currency requirements of the Operations Inspector work force and for the training of all personnel in the Flight Standards Service, we understand the impracticalities of this given today's severe budgetary problems. We propose instead that Congress could save the FAA a large sum of money if you pass special legislation to allow Aviation Safety Inspectors the opportunity to participate in all U.S. aviation industry flying programs.

Additionally, we hope that Congress will agree that Aviation Safety Inspectors should be permitted to utilize air carrier cockpits to travel, and we hope that you pass legislation to direct the FAA to institute such a policy. Again, the FAA would incur great savings, and, more importantly, the public would have a safer airspace system.

OFFICE OF AVIATION SYSTEMS STANDARDS (AVN)

As previously mentioned, the Office of Aviation Systems Standards (AVN) employs Flight Inspection Pilots, Flight Procedures Specialists, and Electronics Systems Specialists who strive to produce flight procedures for the National Airspace System. The Directorate of the AVN occupies spacious and luxurious offices within the FAA's Aeronautical Center in Oklahoma City, Oklahoma. A rather large contingent of FAA staff employees works in these headquarters or in nearby branch offices.

AVN has Flight Inspection Field Offices (FIFO) located in Anchorage, AK; Honolulu, HI; Sacramento, CA; Oklahoma City, OK; Battle Creek, MI; Atlanta, GA; Tokyo, Japan; and Frankfort, Germany. From these various FIFOs, AVN staff works to maintain the NAS and to check and to certify the FAA's ground navigational electronic facilities and to manage the FAA's aircraft rental program which includes Flight Standards Aviation Safety Inspectors' currency. These FIFO offices are administered by top management and personnel officials, labor-management relations staff, and payroll department employees who operate from the Oklahoma City site.

Because the AVN organization exclusively manages its FIFOs from the Oklahoma City headquarters, the AVN does not, in reality, function within the mainstream of the FAA. Not only do offices and overhead management personnel overlap, but AVN services are not managed like other FAA services, such as Air Traffic Control, Airway Facilities, and Flight Standards. As you know, these FAA components are directed by divisional offices located in nine FAA regions.

By eliminating the Oklahoma City "headquarters" of AVN and placing this group within either the Airway Facilities Service or the Flight Standards Service, the FAA could eliminate tremendous costs and could substantially reduce the present AVN budget. In addition, such reorganization would result in more efficient use of management by placing the FIFOs under a regional concept.

With regard to our AVN work force, then, PASS proposes that Congress study this proposal to consolidate the AVN within the configuration of the FAA. We firmly believe a significant savings would result if these two entities were merged into one.

CONCLUSION

Without question, the PASS work force faces serious obstacles as we attempt to keep our airways system operating at the highest possible safety levels using the lowest amounts of available funds. While we understand that current economic trends have necessitated increased spending cuts, we nevertheless believe that the dramatic lack of funding for training and hiring additional Systems Specialists, as well as para technical support staff for our Safety Inspectors, jeopardizes the entire National Airspace System.

As you know, President Clinton has called this a time for "change in America." Unless this Subcommittee recognizes and addresses the problems that we have presented in this testimony, however, PASS resolutely asserts that a crucial opportunity to make a change and to achieve the goals laid out by the new Administration will be lost.

At this time, I would like to thank you again for allowing me the opportunity to appear before you. This concludes my testimony, and I will now be more than happy to address any questions you may have concerning the matters which I touched upon today or any other matter.

NATCA

TESTIMONY OF

BARRY KRASNER, PRESIDENT

BEFORE

THE AVIATION SUBCOMMITTEE OF THE

HOUSE PUBLIC WORKS AND TRANSPORTATION COMMITTEE

ON

THE FAA'S OPERATIONS BUDGET

JUNE 30, 1993

NATIONAL AIR TRAFFIC CONTROLLERS ASSOCIATION MEBA/AFL-CIO
Suite 701 • 1150 17th Street, N.W., Washington, D.C. 20036 • 202/223-2900 • Fax 202/659-3991

Good morning Mr. Chairman. My name is Barry Krasner and I am the President of the National Air Traffic Controllers Association. As you know, NATCA represents the 14,700 air traffic controllers employed by the Federal Aviation Administration (FAA). These dedicated men and women operate the FAA's air traffic control towers, TRACONs and air route traffic control centers.

It is becoming increasingly obvious that the amounts of money invested in the FAA during the 1980's is a thing of the past. Competition for the transportation dollar is becoming more and more intense. The American public not only demands safer skies; but, they are demanding -- safer bridges, fewer potholes, a safer rail system and a better trained and equipped Coast Guard.

The largest part of the FAA's Budget is that portion committed to Operations. The Ops account supports the day-to-day activities of the Agency. The men and women who operate the system safely and efficiently are compensated from this account. Their health and retirement costs are paid from it, their training is assured by it and the cost of transferring them from station to station is also derived from this account. Many of these costs are mandated by law and cannot be changed. Any attempt to change them would be a terrible slap in the face to the men and women who have served so diligently.

Having said that, the question remains--"How can we do more with less?". Is the answer across the board belt-tightening? We hope not. That tact may be easier, but worthy programs would suffer needlessly. We prefer either a complete restructuring of the FAA; or, targeted -- well-reasoned cuts.

If the structure of the FAA remains the same, then some fundamental changes must be made in the budget process. Walls within the budget will have to be broken down; or, at least bent. If savings can be found in F&E or R&D, then those funds should be able to be transferred to areas where they are needed.

Using current methods of budgeting, our recommendations are few. They would be: (1) consolidate FAA operations into fewer regions. We believe that this regional structure makes more sense than to have nine separate fiefdoms. Consolidation of regional operations would require fewer staff specialists and fewer program managers to operate the regional activity. Savings would also be obtained in the cost of office rental; (2) reduce the number of managers and supervisors in the FAA. Today there are 250 more first line supervisors than there were on the eve of the PATCO Strike in 1981. Unfortunately, there are 1500 fewer air traffic controllers to supervise. A very realistic alternative would be to disband first line supervision altogether in favor of a senior controller option. This option would not be a promotion. Instead, the controller would be paid a certain differential, at less cost than the promotion, for time spent acting as the senior controller or controller-in-charge, thereby providing additional savings. That would be an excellent first step. From there, the FAA would be expected to proportionally reduce its number of second level supervisors and managers, through attrition; (3) immediately terminate ATC contract training. The FAA would realize a savings of at least $1.5M per month. This training process has proven costly and ineffective. By bringing the training back-in-house, the FAA would be able to provide better training at a reduced cost; and, (4) a better strategy must be employed by the FAA when procuring desktop computer stations for facility training. The current method is to go out and procure X number of stations without understanding exactly what training programs will be entered into the computers. Of course, they may luck out and have enough capacity, or they could end up with too much or not enough capacity.

However, if we can assume that the budget walls are altered, then we can offer more meaningful suggestions. We would recommend that the following programs be terminated: Precision Runway Monitoring (PRM); Microwave Landing System (MLS); and, Oceanic Display and Planning System (ODAPS).

PRECISION RUNWAY MONITORING

PRM is a system that will be obsolete before it becomes fully operational. The FAA is attempting to bring up the first operational model at Raleigh-Durham (RDU) very soon. As a matter of fact, I think today is their target date. Unfortunately, they are also considering a replacement model next year. Far too often, the FAA is in this situation. It is time to cut our losses and investigate "true" precision monitoring through Global Positioning System (GPS). GPS provides a more precise navigation system. To continue to invest in other systems would be foolhardy.

MICROWAVE LANDING SYSTEMS

The initial desire for MLS in the late sixties and early seventies was well founded. However since that time, many of the deficiencies of the Instrument Landing System (ILS) have been resolved. The MLS is a very costly replacement. That cost is not only experienced by the FAA, but, it is felt by the airlines, as they retrofit their aircraft for MLS ability. Again, with the seeming acceptance of GPS by the FAA, a precision runway landing system, utilizing this technology, seems more realistic and cost effective for all.

OCEANIC DISPLAY AND PLANNING SYSTEM

In 1984 the FAA envisioned a 36 month/$22M project to develop and install ODAPS. Sadly, it has turned into a 100+ month/$51M project, and still no reliable ODAPS. The clock will continue to run and the cash register will continue to ring, unless Congress says, enough is enough. The main component of ODAPS was to be the Conflict Probe. The Conflict Probe should provide the oceanic controller with a "what if" function. At the last SIM testing of the Conflict Probe by Hughes/STX, 86 unresolved discrepancies were discovered. Few involved in the testing believe that the Conflict Probe will ever become acceptably reliable.

Another problem with ODAPS is a daily delay in generating flight data strips, causing extensive holding delays for aircraft during periods of moderate and above traffic. This is not only an economic issue, it is a very real safety issue. To accommodate the failings of ODAPS, New York Center has gone from one person sectors in oceanic to two controllers at all times. The extra controller is there to update the information (which should be accomplished automatically) in the ODAPS. Compounding the problem is the fact that the ODAPS programs are written in Jovial, a 20 year-old, seldom used language. When changes must be made, or patches written, extensive training is required to teach someone this antiquated language.

NATCA suggests that the FAA cry "uncle" on ODAPS and utilize the Dynamic Ocean Track System (DOTS) equipment until a suitable replacement can be found. DOTS is currently being used to assist oceanic traffic planning and does not have a functioning Conflict Probe. This system is in place at both the New York and Oakland Centers. Since we have a contract with the company that developed DOTS, there should not be a problem purchasing the required extra displays (PVDs). We further suggest that the FAA investigate the feasibility of purchasing "off-the-shelf" technology or modifying the DOTS to provide all functions originally envisioned with ODAPS. Many feel that DOTS can be adapted to become the foundation to accommodate future advancements in technology for oceanic control. The Canadians and the Japanese have had operating oceanic displays, with Conflict Probes in place for years. As a matter of fact, the software for the Canadian model was written by a Long Island, New York company. Anyone who has an interest in ODAPS and would like a fuller understanding of the issue and the problems encountered should review the September 1992 GAO Report, "FAA Needs to Justify Further Investment in Its Oceanic Display System" (GAO/IMTEC-92-80).

Several of our recommendations require increased acceptance of GPS by the FAA. It is our belief that the Agency is currently understaffed and underfunded in this very important program. It is very important that the agency include working air traffic controllers in their effort to advance this technology. Time and time again, it has been proven that earlier controller involvement would have greatly assisted in the development and implementation of ATC technology. Let's not keep making the same mistakes over and over again.

NATCA believes that the long term improvement of FAA funding requires a complete restructuring of the FAA. In the early days of the Clinton candidacy, we provided then candidate Clinton with the attached proposal to restructure the FAA as a quasi-government corporation. Of all of the possibilities, this is the one that we feel shows the most promise.

We believe that the quasi-government corporation would meet six essential goals: (1) modernize the air traffic control and airports and airways systems; (2) provide funding stability; (3) ensure autonomy and eliminate excessive layers of oversight; (4) increase the efficiency of the ATC system; (5) provide for an integrated safety system; and (6) assure fairness and equity to system users.

Under our proposal, the new authority would retain all of the powers currently held by the FAA. It is essential to keep all of the FAA functions under one roof -- a belief held by the President's Aviation Safety Commission (1988). Safety must be regarded as an integrated system in which all elements are coordinated to achieve maximum operational safety, efficiency and reliability. Rules and regulations that define safety requirements must also be part of any decision making or operational process lest we create a new layer of unnecessary management and oversight.

The new ATC corporation should have the authority to: (1) retain and utilize revenues; (2) sue and be sued and to conduct litigation in its own name; (3) enter into contracts and to acquire and dispose of property without regard to statutes generally applicable to government agencies; (4) maintain bank accounts; (5) borrow for the defined purpose of the authority; (6) make grants and loans, and to provide loan guarantees for airport development; (7) submit a business-type budget as provided by the Government Corporation Control Act; (8) determine the character and necessity of expenditures; (9) hire and determine the compensation of officers and employees without regard to civil service laws; and, (10) acquire needed office space.

The future of the FAA will be determined by the ability to remove the Agency from the federal budget process. However, taking the FAA "off budget", while an improvement, does not go far enough. It is necessary to design a funding mechanism of user fees that will be translated directly into system support. The Aviation Trust Fund does not meet this challenge.

As a government corporation, the Authority would establish a schedule of user fees calculated to fund its operations, research, investment and development programs. For the first two years, user fees would remain at current levels. Thereafter, and subject to congressional approval (if legal), fees would be adjusted to offset expenses.

The initial capitol of the Authority would consist of the accumulated Aviation Trust Fund balance. As mentioned in the above section, the Authority could borrow money and issue and sell obligations.

We at NATCA believe that the FAA must be managed in a more businesslike manner. Decisions must be made with increased input from the users and the men and women who operate the system. Currently, the FAA squanders a tremendous amount of money making sure that its employees do not have input in its most important decisions. This makes no sense at all.

Mr. Chairman, I will answer any questions that you or the members of this Subcommittee would like to ask.

ATTACHMENT

A Proposal to

Governor Bill Clinton

On the Formation of a Federal Corporation

To Operate and Regulate the Nation's

Air Traffic Control System

Prepared By

The National Air Traffic Controllers Association, AFL-CIO

September 1992

Proposal

The National Air Traffic Controllers Association, AFL-CIO, proposes the creation of a federal corporation to run the nation's air traffic control system. We believe that such an innovative measure is necessary if the nation is to address the long-standing problems associated with the safety and efficiency of the system and respond to the dynamic changes of the 21st century.

Background

Following the firing of striking air traffic controllers in August 1981, the Federal Aviation Administration (FAA) embarked on a massive rebuilding and modernization of the nation's air traffic control (ATC) system.

Because of the Reagan Administration's steadfast refusal to rehire any of the fired controllers, the Department of Transportation and the FAA were faced with the daunting task of hiring and training more than 10,000 new controllers from scratch.

However, promises that the system would be rebuilt in two to three years fell flat. The Reagan Administration tried to cover-up the failure of its rebuilding efforts through "cooked" staffing numbers and rosy reports of state-of-the-art technology. All evidence was to the contrary.

Most busy air traffic control facilities were so short-staffed that six day-weeks, every week, were the norm. Controllers were driven to accept more traffic than common sense and safety dictated. And they were working with antiquated equipment that was unreliable and prone to breakdowns. It was not unusual, both then and today, to find hardware at ATC facilities dating back to the old Civil Aviation Administration of the 1950s.

Near mid-air collisions and long delays at airports became the grist of the evening news, and banner headlines of "Gridlock in the Skies" were commonplace. The American flying public and the Congress demanded that something be done.

Yet the Administration did nothing. An exasperated Wendell Ford (D-KY), Chairman of the Senate Aviation Subcommittee, finally said that he had to "force feed" controllers to the FAA. To this day, 11 years after the strike, there are not enough qualified air traffic controllers to handle the air traffic workload.

An already intolerable situation was made worse with the lifting of flight restrictions several years after the strike. Air traffic went through the ceiling and a sluggish FAA, hampered by poor predictions, mismanagement and government regulations could not get available modern technology to controllers who were begging for increased staffing and new equipment to carry out their mission.

The FAA believed that salvation lay in the National Airspace System Plan (NAS Plan), later renamed the Capital Improvement Plan (CIP). Initiated in 1981 and aimed at a total overhaul and modernization of the ATC system, it is the largest single civilian procurement since World War II.

However, the FAA and its contractors seriously underestimated the risk and complexity of developing highly-automated systems. The CIP is in a shambles; it is hopelessly over budget and years behind schedule. The FAA quickly gained the reputation of the "gang that couldn't shoot straight". Some congressional critics have gone so far as to call for the scrapping of the NAS Plan/CIP and starting over from square one.

An Independent FAA

Against this backdrop of chaos and public outcry, Congress began a serious examination of the FAA and its structure. Three key points quickly emerged: (1) the FAA was being micro-managed by the Department of Transportation; (2) there was no continuity in FAA leadership; and (3) the Agency's multi-billion dollar trust fund was not being fully used to modernize the ATC system but, rather, to offset a cancerous budget deficit that was growing by the day.

In 1987, Senator Ford introduced S. 1600, creating an "independent" FAA outside the Department of Transportation. The new agency would be charged with maintaining and improving the ATC system and aviation safety; all functions relating to the promotion of civil aeronautics and air commerce would remain in the Department of Transportation. The aviation subcommittee chairman also promised a steady stream of funding consistent with the authorization process.

At the behest of the airline industry, Senator Daniel Inouye (D-HI) introduced S. 1159 to create the National Aviation Authority, an independent, user-fee supported government corporation that would operate, supply and maintain the ATC system. Under S. 1159, the FAA would continue to exist as a regulatory and safety oversight body.

It soon became clear that S. 1600 was the horse to bet on. Former FAA administrators who were frustrated by White House and DoT tinkering and stifling oversight quickly lined up in back of an independent FAA. Virtually the entire aviation community, including NATCA, lent their name to the legislation. The Air Transport Association saw that S. 1159 was going nowhere and threw their support to S. 1600.

However, the S. 1600 bubble quickly burst over funding. Special budgetary treatment that would place the new Agency out of the reaches of Gramm-Rudman-Hollings sequestrations proved to be its undoing. Heeding threats by the Senate Budget Committee's leadership, Senator Ford removed the offending budget language.

However, without a guaranteed steady stream of funding outside the vicissitudes of the unified federal budget process, the bill was gutted. It became more of a question of reform for reform sake. and it would have accomplished nothing.

A year later, Senator Ford came back with an amended S. 1600 that would fund the agency through user taxes and the interest upon them. Appropriations committees would be involved in the FAA budget only to the extent that the receipts and interest did not cover operating costs. Further, the Aviation Trust Fund account would be excluded from calculations used to determine the federal budget deficit and would not be liable to sequestration. FAA programs would be subject to congressional authorizations and appropriations every two years. S. 1600 never even got to subcommittee markup.

It was then business as usual at the FAA; Administrators came and went, and the Agency and its vital services were being used by the Office of Management & Budget to force an agreement on the budget deficit. This guerilla warfare waged by OMB Director Darman reached a hysterical peak in 1990 when he threatened a furlough of air traffic controllers unless a budget deal could be reached.

For the first time in recent memory, controllers actually received furlough notices. OMB warned that the "air traffic control system would turn into chaos" and that a "major cutback and disruption in 1991 would affect air travellers for at least three years due to recovery problems." Unfortunately, it was a fair assessment.

At the last moment, the furloughs were averted but the lesson was obvious. What occurred in 1990 could easily happen again -- the FAA would be sacrificed time and again on OMB's altar. The Agency could not depend on guaranteed funding and would have to compete every budget cycle with scores of other federal agencies making their own valid appropriations claims.

Effects of FAA Funding on Controllers

These budget wars have an immediate and long-term effect on controllers and the operation of the ATC system. Uncertain and inadequate funding can hamper, if not freeze, new hires and suspend the training of developmental controllers, especially crucial on-the-job training which is handled by full performance level controllers. Cutbacks and sequestrations also curtail the purchase of new, critical equipment for modernization of the ATC system.

Recent surveys by the General Accounting Office also show a controller workforce still demoralized and dispirited by inadequate staffing and FAA recalcitrance. Eleven years of unfulfilled promises have been a very bitter pill to swallow. The furlough threat and last year's proposed phase-out of a 5 percent controller operational differential further salt the wounds.

NATCA also contends that the annual wrangling over the FAA's budget will make it increasingly difficult to attract and retain qualified controllers. The present structure and funding of the FAA sends the wrong message at the wrong time: a career as an air traffic controller is not only extremely stressful, but job security is shaky at best.

A New FAA: The Federal Corporation

The time has arrived for a bold new approach to the FAA's problems. An independent FAA in and of itself is not the answer; it would merely move existing problems to a new venue and would not address the vagaries of the federal budget process. Moreover, any reorganization of the FAA must not be a further drag on the federal government's crushing budget problems.

Therefore, upon the election of Governor Bill Clinton as President of the United States, NATCA urges serious and swift consideration of a quasi-government corporation to operate the nation's air traffic control system and to ensure its safety. NATCA would further urge the President-elect to reject any proposals to "privatize" the ATC system or contract-out vital operating and safety functions.

Structure and Function of the ATC Corporation

The National Air Traffic Controllers Association believes that much of what was contained in S. 1159 and the amended S. 1600 can be used or modified to create the new government corporation or Authority.

The new Authority would meet six essential goals: (1) modernize the air traffic control and airports and airways systems; (2) provide funding stability; (3) ensure autonomy and eliminate excessive layers of oversight; (4) increase the efficiency of the ATC system; (5) provide for an integrated safety system; and (6) assure fairness and equity to system users.

Purpose and Authority

Under NATCA's proposal, the new authority would retain all of the powers and functions currently held by the FAA. Some other plans, such as the one advanced by the Air

Transport Association and former DoT Secretary James Burnley, would split the functions of the FAA into two separate entities: the government corporation (National or Federal Aviation Authority) and a residual FAA dedicated to safety oversight and regulation.

NATCA contends that it is essential to keep all of the FAA functions under one roof -- a view held by the President's Aviation Safety Commission. Safety must be regarded as an integrated system in which all elements are coordinated to achieve maximum operational safety, efficiency and reliability. Rules and regulations that define safety requirement must also be part of any decisionmaking or operational process lest we create a new layer of unnecessary management and oversight.

In 1986, the National Academy of Public Administration argued that a commonly-accepted group of authorities and capabilities, similar to those found in the Tennessee Valley Authority, should be conveyed to the new Federal Aviation Authority.

NATCA concurs with the Academy's finding. The new ATC corporation should have the authority to: (1) retain and utilize revenues; (2) sue and be sued and to conduct litigation in its own name: (3) enter into contracts and to acquire and dispose of property without regard to statutes generally applicable to government agencies; (4) maintain bank accounts; (5) borrow for the defined purpose of the Authority; (6) make grants and loans, and to provide loan guarantees for airport development; (7) submit a business-type budget as provided by the Government Corporation Control Act; (8) determine the character and necessity of expenditures; (9) hire and fix the compensation of officers and employees without regard to civil service laws; and (10) acquire needed office space.

Funding

As previously described, the future of the FAA will be determined by the ability to remove the Agency from the federal budget process. Artificial spending limits are arbitrarily capping system capabilities. We have chosen by default to utilize only a portion of the system's capabilities.

However, taking the FAA "off budget," while an improvement, does not go far enough. It is necessary to design a funding mechanism of user fees that will be translated directly into system support. The Aviation Trust Fund does not meet this challenge.

As a government corporation, the Authority would establish a schedule of user fees calculated to fund its operations, research, investment and development programs. For the first two years, user fees would remain at current tax levels. Thereafter, and subject to congressional approval, fees could be adjusted to offset expenses.

The initial capital of the Authority would consist of the accumulated Aviation Trust Fund balance. As mentioned in the above section, the Authority could borrow money and issue and sell obligations.

Personnel and Procurement

Perhaps nothing better symbolizes the FAA's inability to carry out its mission than its rigid personnel and procurement procedures. Over the past decade, the FAA has experienced great difficulty in not only attracting and retaining qualified air traffic personnel, but placing them where they are most needed.

The cookie-cutter Civil Service System is ill-suited to meet FAA's personnel needs. For example, it is extremely difficult to move controllers to high-density facilities in high cost-of-living areas. Even Secretary Burnley said that "federal law won't allow us to recognize what every private company does when relocating their employees: you have to pay people more if you expect them to transfer to cities where it costs more to live. ,Otherwise, they will quit rather than have their standard of living slashed." Once again, there is plenty of room for expanding system capacity. The problem is applying the money and talent to get the job done.

Procurement is another bottomless pit. Federal procurement rules are so byzantine and time consuming that a major systems acquisition is anticipated to take between one and two years with over 150 sign-off stops. This does not even take into account the lengthy appropriations and authorizations process.

What this means is that by the time "new technology" finally gets into controller hands, it may already be a relic. The FAA is unable to respond to rapidly changing needs and technology.

Under the ATC government corporation proposed by NATCA, the Authority would no longer have to operate under the Civil Service System and its rigid pay scales and regulations. Through negotiations with unions and employee representatives, the Authority would be able to develop its own personnel and pay system applying the best human resource techniques from the private sector and elsewhere. It would create a new and vital work environment in which there would be greater opportunities for employees to advance and enhance their own skills and performance.

From a labor relations standpoint, the Authority could enter into collective bargaining agreements with any current or future labor organization holding exclusive recognition for a period not to exceed three years. All such activities would come under the auspices of the National Labor Relations Board rather than the Federal Labor Relations Authority. NATCA also favors binding "baseball" style arbitration on failure to reach a collective bargaining agreement within 180 days of the commencement of talks.

On the procurement side, the system should be simplified on the basis of sound business principles. It is essential to free the Authority from cumbersome government-wide procurement regulations and allow the new Authority to establish its own procurement policies and procedures. It would not take much to improve on today's catch-as-catch-can method of awarding contracts and monitoring and managing contractor performance.

Leadership

The FAA has been roundly criticized for the amazingly short tenure of its administrators; two years is about average. Most of the administrators have barely learned the workings of the agency when they resign. Every single proposal for an independent FAA or government corporation addresses the need for a fixed-term administrator.

An independent FAA, as created by S. 1600, would be under the control of an Administrator appointed to a seven-year term by the President and confirmed by the Senate. The government corporation envisaged in S. 1159 would be under the direction and control of the "Director" appointed to a ten-year, non-renewable term by the President and confirmed by the Senate. The model is based on a corporate chief executive officer. The Authority's CEO would not report to the Secretary of Transportation. NATCA prefers the CEO or director model and is flexible on term limits.

Oversight

It is imperative that the Authority be freed from paralyzing meddling and micro-management by both the Administration and Congress. However, it is equally important that some sort of oversight and accountability exist.

NATCA believes that this could be accomplished through the creation of a Policy Advisory Board consisting not only of the Secretaries of Transportation and Defense and the ranking chairpersons of the House and Senate Aviation Subcommittees, but expanding this group to include representatives from the National Transportation Safety Board, air traffic controllers, airline pilots, general aviation, airports and other users of the ATC system as deemed necessary. The Board could also call upon other technical experts and aviation groups as needed.

The Board would meet semiannually to review operations and future plans of the Authority and advise on the effectiveness of those plans in a written report to the President, Congress and the Authority CEO.

Conclusion

The Clinton Administration has a wonderful opportunity to provide for the superior operation of the nation's air traffic control system. A federal corporation would offer substantial advantages to current FAA management without inflating the budget deficit. The providers and users of the system would reap the benefits through greater safety and efficiency. Old prescriptions and nostrums will only have a toxic effect on the FAA; it is time for a new remedy that will invigorate this crippled yet vital agency and carry it into the 21st century.

United States General Accounting Office

GAO

Testimony

Before the Subcommittee on Aviation
Committee on Public Works and Transportation
House of Representatives

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FAA WORK FORCES

Important Decisions Affecting Staff Use and Management

Statement of Allen Li,
Associate Director, Transportation Issues,
Resources, Community, and Economic
Development Division

Mr. Chairman and Members of the Subcommittee:

We appreciate the opportunity to testify on the status of the Federal Aviation Administration's (FAA) major work forces. Fifty percent, or about $4.6 billion of FAA's fiscal year 1994 budget request of $9.2 billion, would fund FAA's operations. The operations account funds the salaries, benefits, and training of FAA's major work forces--air traffic controllers, safety inspectors, security staff, maintenance technicians, and aircraft certification staff. These work forces account for about 31,000 of FAA's 52,000 employees (see app. I). Given the current budget climate, FAA does not anticipate any significant staffing increases over the next few years. As a result, FAA will have to make important decisions concerning the effective use of its resources and follow through on initiatives begun in recent years to enhance safety and efficiency.

Our testimony is based on reports we previously issued and on information that FAA provided concerning the status of certain programs and such budget initiatives as terminating the Pay Demonstration Program. In summary, we found the following:

-- FAA spent much of the 1980s ensuring that it had a sufficient number of air traffic controllers and safety and security inspectors to fulfill its responsibilities. Today, FAA's primary challenge is not one of overcoming staffing shortages, but rather one of redistributing its work force and fulfilling prior commitments. These actions will allow FAA to allocate its controller work force among key facilities and target its inspector and security work forces toward those areas that need the most attention. FAA is reassessing its controller and security staffing standards and is developing a system to better target inspection resources toward areas that need the most attention. The agency also plans to ensure that its security work force focuses on areas that pose the greatest threat.

-- We have concerns about the validity of FAA's staffing standards for maintenance technicians because the agency has consistently maintained a high level of air traffic control system availability with a work force well below the standards. FAA has used contractors and overtime to help bridge the gap between its estimated maintenance staffing needs (12,700) and availability (8,900). With an increase in the number of new air traffic control systems planned over the next few years, FAA is evaluating various options to best utilize the maintenance work force.

-- Three years ago we testified on the importance of FAA's $409 million Flight Plan for Training to the agency's critical work forces. We are currently reevaluating FAA's efforts under this program. However, our preliminary work for this Subcommittee on the aircraft certification work force, which is responsible for ensuring that new aircraft designs and systems meet safety standards, has shown that FAA's training efforts have fallen short. For example, in the last 3 years, only 1 of 12 FAA engineers responsible for approving aircraft software had attended software-related training courses.

I will now discuss these issues in greater detail.

STRATEGY NEEDED TO OVERCOME AIR TRAFFIC CONTROL STAFFING IMBALANCES

As of April 1993, the overall size of the air traffic controller work force was less than 1 percent short of the 17,900 prescribed by FAA's staffing standards. However, this paints an incomplete picture. Overall, staffing levels at air traffic control centers are staffed at 6.6 percent higher than the standards, while staffing levels at terminals are 5.2 percent lower than the standards. Furthermore, similar imbalances occur (1) between terminal and center facilities, (2) among terminals, and (3) among centers. For example, FAA's current standards indicated that 210 terminals were understaffed by about 1,000 controllers and 167 terminals were overstaffed by about 800 controllers. The Congress and FAA have been aware of these staffing imbalances since 1991.

To ensure that individual air traffic facilities are properly staffed, the House Appropriations Committee requested FAA to analyze staffing at each facility and to report back by December 31, 1991, on each facilities' staffing needs and the actions needed to correct the disparities. When FAA performed its analysis using May 1992 data, it identified problems with its staffing standards. According to air traffic control officials, the standards do not adequately consider variances unique to each facility, such as training needs and attrition rates. Therefore, FAA has deferred submitting its report to the Congress until it develops solutions to these imbalances.

For some time, FAA has recognized that it must consistently and accurately measure staffing needs before implementing a solution for the imbalances. Once staffing needs are accurately determined, FAA has several options for correcting the imbalances. These options include (1) assigning newly graduated and hired controllers to understaffed facilities, (2) reassigning controllers from overstaffed to understaffed facilities, (3) allowing overstaffed facilities to continue operating with current staffing levels but not hiring replacements for those that leave through normal attrition, and (4) contracting out towers and reassigning the freed-up controllers to understaffed facilities. FAA estimates that if it contracted out the operations of low-activity towers at a rate of 10 per year, it could save between $93 and $101 million and reduce staff by about 900 through the year 2012 without negatively affecting safety. The Subcommittee on Transportation, House Committee on Appropriations, has proposed funds for FAA to contract out about 25 low-activity towers in fiscal year 1994.

FAA officials are aware of these options and recognize the short- and long-term limitations of implementing them. For example, in the short term, FAA cannot relocate controllers from overstaffed to understaffed facilities because FAA does not believe that it has sufficient permanent change-of-station funds to pay for the moves. In the long term, projected traffic forecasts (see app. II) and FAA's decision (announced in April 1993) to consolidate some air traffic control facilities can have staffing implications. According to FAA officials, they decided to consolidate terminal facilities, thereby having a structure that comprises 22 centers, 9 consolidated terminals, and about 170 unconsolidated terminals. Limited consolidations will create new staffing standards and require the movement of controllers to the consolidated facilities. To date, FAA has not provided the Congress with the information needed to assess the budgetary and work force implications of consolidation.

FAA'S EFFORTS TO USE ITS INSPECTOR WORK FORCE MORE EFFECTIVELY

FAA's fiscal year 1994 budget request maintains the agency's current number of safety inspectors at about 2,500. These inspectors oversee 7,300 scheduled commercial aircraft, 10,500 nonscheduled commercial aircraft, 192,000 general aviation aircraft, 4,700 repair stations, 650 pilot training schools, and 190 maintenance schools. Given these varied responsibilities, FAA must identify opportunities to target its resources toward those areas needing the most attention and to follow through on safety initiatives begun over the last several years.

In our previous reports on FAA's oversight of domestic and foreign carriers and aging aircraft, we explained the difficulties that FAA faces in providing sufficient inspection coverage.[1] We recommended that FAA develop clear guidance for inspectors and define which of their many high-priority areas should take precedence. During our review of aging aircraft issues, for example, inspectors told us that they had other high-priority activities and lacked guidance for determining how many aging aircraft to inspect. FAA concurred and plans to issue guidance requiring inspectors to include the purpose of the inspection and aircraft age in its data base.

We also recommended that FAA develop criteria for targeting inspections to high-risk conditions. Such criteria will help FAA determine how it could best use its limited inspector resources. FAA agrees, and thus it has been developing the Safety Performance Analysis Subsystem (SPAS). SPAS is a computer-based system that analyzes information in various FAA data bases to, among other things, identify potential problem areas for inspection emphasis. FAA plans to spend about $10 million to develop the prototype of this system through fiscal year 1995.[2]

For SPAS to succeed, FAA must (1) ensure that SPAS is not too complex and that inspectors are trained on the system, (2) define the telecommunications network needed for the inspectors to enter and retrieve data from the system, and (3) ensure that input data used by SPAS is complete and accurate. For example, the Program

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[1] Aircraft Maintenance: FAA Needs to Follow Through on Plans to Ensure the Safety of Aging Aircraft (GAO/RCED-93-91, Feb. 26, 1993); Aviation Safety: Increased Oversight of Foreign Carriers Needed (GAO/RCED-93-42, Nov. 20, 1992); and Aviation Safety: Problems Persist in FAA's Inspection Program (GAO/RCED-92-14, Nov. 20, 1991).

[2] FAA will require a yet undetermined amount of additional funds to purchase telecommunications hardware and software and provide training.

Tracking and Reporting Subsystem (PTRS) is a key data base that FAA plans to use in SPAS. We previously reported that PTRS contained inaccurate data.[3] Also, FAA does not currently plan to include the results of foreign air carrier inspections in SPAS, primarily because it does not collect such information as financial data to develop the same safety indices for assessing risk that it collects for domestic air carriers. Despite these limitations, we believe that SPAS could be an important management tool for targeting limited resources.

ISSUES AFFECTING FAA'S SECURITY WORK FORCE

FAA's security work force safeguards passengers, crew, aircraft, and airports from the threat of violence from hijacking, sabotage, and other criminal acts. This work force has more than tripled from 236 in 1985 to 852 in 1993. Several factors have contributed to this growth, including the tragic bombing of Pan Am 103 in December 1988 that resulted in legislation requiring additional security measures. Even with this increase, the security work force is about 480 less than the 1,300 recommended by FAA's staffing standards and about 200 less than the 1,030 authorized by the Congress. FAA is updating the standards and expects to complete this effort by August 1993. Nevertheless, FAA plans to maintain its security staff at its current level of about 850 through fiscal year 1995.

On the basis of our discussions with FAA and industry officials, we have identified several challenges facing the security work force. First, FAA's security work force needs additional training and experience to effectively oversee air carrier and airport operations and to determine how individual airport and air carrier procedures and technologies contribute to security as a whole. Although many FAA security staff have law enforcement backgrounds, they were not familiar with airline or airport operations before joining FAA. FAA officials told us that they are testing new training initiatives that include having security staff work with airlines for a period of time. According to the Associate Administrator for Civil Aviation Security, the security work force needs 1 to 2 years of additional experience and training to be fully effective. The Associate Administrator also noted that FAA is placing greater emphasis on helping airlines solve problems.

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[3] Aviation Safety: Problems Persist in FAA's Inspection Program (GAO/RCED-92-14, Nov. 20, 1991).

Second, FAA may find it difficult to continue staffing security liaison officer positions outside of the United States. These individuals are important because they frequently assist U.S. carriers by negotiating with foreign aviation authorities to satisfy the security requirements of FAA and the host country. Currently, FAA has staffed all 17 of the security liaison positions on 2- to 3- year assignments. FAA officials expressed concern about finding replacements that have the required skills (language and in-depth knowledge of aviation). In addition, overseas travel and related stress may hinder FAA's ability to fill these positions.

Third, FAA must ensure that security information is effectively and consistently communicated from headquarters to field offices and ultimately to airlines and airports. Such information is important because FAA regional offices are largely responsible for ensuring compliance and advising the industry on how to meet new procedures and policies at individual airports. For example, FAA headquarters did not consistently articulate to regional offices the manner in which airports should implement regulations that identify those areas requiring enhanced security measures and the methods for allowing access to them. As a result, airports received conflicting information from FAA and implemented the regulations differently, thereby causing some to incur unnecessary costs. To address this problem, FAA is developing a data base that contains regulations and implementing guidance that regional staff can quickly access.

If FAA must reduce its security work force below 850 staff members, the agency plans to reduce its headquarters staff but not its regional inspectors. As of March 1993, the regional staff comprised about 75 percent of the security work force. FAA plans to continually identify and evaluate civil aviation threats and redirect its resources to those threats. The Associate Administrator for Civil Aviation Security cautioned that a reduction below 850 could limit FAA's ability to effectively oversee airport and air carrier security, address current and future threats, and carry out other such responsibilities as hazardous material inspections and drug interdiction assistance.

FAA DOES NOT HAVE RELIABLE ESTIMATES ON MAINTENANCE TECHNICIAN STAFFING NEEDS

At an April 1992 hearing before the Subcommittee on Transportation, House Committee on Appropriations, the then-Acting FAA Administrator stated that the staffing standards for maintenance technicians were suspect and had not been closely evaluated. According to the staffing standards, FAA needs about 12,700 maintenance technicians in fiscal year 1994. In its fiscal year 1994 budget, however, FAA is requesting an end-of-year staffing level of 8,923 technicians for 1994, or 237 less than the level requested for fiscal year 1993 and 30 percent less than the staffing standards recommend to maintain the air traffic control system.

We share FAA's concern about the reliability of the staffing standards because FAA has consistently maintained a high level of system availability with a work force that is smaller than the one prescribed by the standards and less experienced. As of February

1993, FAA had about 8,950 technicians to service equipment at almost 29,000 facilities. Furthermore, the average experience level of technicians has declined from almost 21 years in 1988 to about 18 years in 1993. To help bridge the gap between estimated staffing needs and availability, FAA has relied more on contractors to maintain new equipment and on increased overtime usage. FAA now contracts for the maintenance of 17 systems compared to 6 in 1987. In fiscal year 1994, FAA is proposing to increase contract maintenance to 27 systems at a cost of about $52 million. Also, FAA increased its use of overtime to almost 239,000 hours in fiscal year 1992, a 30-percent increase from fiscal year 1986.

FAA's efforts to compensate for staff and experience shortages, coupled with equipment redundancy, have kept overall system availability at about 99.8 percent. However, indications are that FAA's ability to maintain availability at this level could deteriorate. For example, the mean time to restore equipment increased to over 14 hours in 1992, a 45-percent increase since 1988, because of (1) less experienced technicians and (2) older equipment to maintain. In addition, FAA generally hires technicians at the end of the year. According to FAA officials, this practice impacts on scheduling the training that technicians need to become fully qualified, which usually takes 3 to 5 years. In a no-growth environment, the experience and system performance levels could decline further if the 2,100 technicians eligible to retire by 1995 leave the work force.

More accurate and reliable staffing standards for maintenance technicians would enable FAA and the Congress to make more informed decisions on allocating resources. Further, delays in FAA's Capital Investment Plan projects--the $33 billion air traffic control modernization program--and facility consolidations will affect the number of maintenance technicians needed and where they will be assigned. To better utilize maintenance technicians, FAA is currently taking actions to (1) screen applicants and streamline the training process, thus shortening the time needed to progress to the journeyman level; (2) reduce work load by identifying more efficient means to accomplish the required activities; and (3) reduce maintenance activities not related to safety.

FAA'S TRAINING EFFORT IS IMPORTANT TO ENSURING AVIATION SAFETY

With about 52,000 employees, FAA has one of the largest and most diverse training programs in the federal government. A well-trained FAA staff is essential for an efficient and safely functioning air traffic control system and for ensuring passenger safety. In 1989, FAA developed an agencywide, 6-year, $406 million Flight Plan for Training to help meet its recruiting, hiring, and training needs. In 1990, we testified before the Subcommittee on Investigations and Oversight, House Committee on Public Works and Transportation, that inadequate funding had impeded FAA's implementation of the plan. Since then, FAA has revised the plan twice and now expects to complete 50 projects at a cost of about $280 million between fiscal years 1991 and 1995.

However, the recruiting, hiring, and training situation today is different than the one that existed when FAA implemented the Flight Plan for Training. For example, FAA has developed an improved method to screen controllers, although use of this method has been limited because the agency is not now hiring significant numbers of controllers. We are just beginning work to assess the status of FAA's Flight Plan for Training efforts.

We are also, at the request of this Subcommittee, examining the adequacy of FAA's training for its approximately 850 aircraft certification staff. This staff is responsible for certifying that new aircraft designs and systems meet safety standards; in doing so, it is faced with the task of keeping abreast of increasingly complex technology. However, FAA's staff training has not kept pace with technological advancements. We found, for example, that between fiscal years 1990 and 1992, only 1 of 12 FAA engineers responsible for approving aircraft software had attended a software-related training course.

Since 1980, FAA has known about--and tried to address--its certification staff's lack of training and experience in the latest technologies. But the agency's efforts have not been successful. As a result, FAA has not improved the technical competence of its staff in such areas as composite materials and software systems. We found that most courses taken by certification staff deal with such nontechnical subjects as supervision and writing or with subjects that are outside the staff's certification responsibilities.

The lack of training in technical subjects is accompanied by the declining experience of the certification staff on the whole. Over half of the engineers with primary responsibility in the certification of the Boeing 777 have never participated in a major certification project. In response, FAA is developing a new training program for certification staff that specifically emphasizes critical technical areas, and the agency expects to implement new courses over the next several years. The program, however, does not require that staff receive a minimum level of annual training in their areas of responsibility.

DECISION TO CANCEL THE PAY DEMONSTRATION PROGRAM

As a budget cutting measure, FAA decided in March 1993 to cancel its 5-year Pay Demonstration Program effective mid-September 1993. The program was to have expired in June 1994. FAA initiated the program in June 1989 to enhance its ability to recruit and retain experienced, qualified personnel in certain hard-to-staff facilities. Under the program, employees are paid a quarterly retention allowance of up to 20 percent of their basic pay. As of

December 1992, the program included 1,745 air traffic controllers, 143 inspectors, and 460 maintenance technicians. Since its inception, the work forces experienced a net increase of 219 staff at the 22 pay demonstration sites. As of mid-June 1993, FAA had paid out about $80 million under the program. However, since the agency is not projecting any significant work force growth in the near future, FAA determined that it could save about $20 million by terminating the program.

In making this determination, FAA considered four options. One option addressed the impact on morale by terminating the program early, one addressed the effects of letting the program expire at the end of the 5 years, and one addressed letting the program expire in June 1994 and gradually phasing out allowance payments. The other option considered extending the program either through legislation or through administrative policy. Further, FAA officials explained that affected employees knew before they entered the program that it could be terminated at any time. However, for those employees with less than 1 year in the program, FAA is planning to honor the pay differential for 1 full year. The Subcommittee on Transportation, House Committee on Appropriations, recently supported FAA's continuing the program until its original expiration date to avoid undue hardship on employees by terminating the program early.

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In summary, it is unlikely that the number of FAA staff will increase over the next few years. If the staff remains at current levels, today's challenges will take on added importance once the economy improves and the volume of air traffic increases. Our work has identified some problems that FAA could address now and better position itself to meet these challenges and the needs of the airline industry.

These problems include incorrect staffing standards, imbalances in staffing at facilities, lack of follow-through on prior safety commitments, lack of systems for targeting resources to areas that pose the greatest safety risks, and inadequate training of certification staff. FAA has several options to correct staffing disparities at air traffic control facilities, but to successfully follow through on any plan, FAA must first correct its staffing standards. FAA has taken positive steps toward developing a system for targeting inspector resources to high-risk areas, but the agency will have to resolve several significant technical problems before implementing the system.

In addition, FAA faces challenges in training its security staff and effectively communicating security information from headquarters to the field. Furthermore, the maintenance technician work force has been able to preserve the high level of air traffic control equipment availability with staffing shortages and a decline in experience levels, calling into question the adequacy of its staffing standards.

Finally, FAA is embarking on an initiative to upgrade its aircraft certification training program. We support FAA's initiative but believe that having specific annual requirements would help ensure that staff receive adequate training to effectively carry out their aircraft certification responsibilities.

Mr. Chairman, this concludes my statement. We will be happy to respond to any questions at this time.

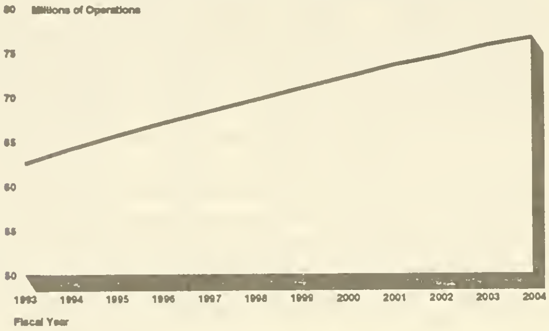
FULL-TIME EMPLOYMENT OF FAA'S WORK FORCES AT THE END OF FISCAL YEARS 1986-1994

End of fiscal year	Air traffic controllers	Field maintenance technicians	Aviation safety inspectors	Aircraft certification work force	Aviation security work force	Total
1986	14,803	8,306	1,813	684	379	25,985
1987	15,433	8,667	1,939	720	404	27,163
1988	16,436	8,646	2,093	733	478	28,386
1989	16,832	8,687	2,311	751	511	29,092
1990	17,226	8,904	2,577	806	627	30,140
1991	17,721	8,994	2,487	854	821	30,877
1992	17,982	8,995	2,582	837	852	31,248
1993[a]	17,871	9,160	2,583	862	852	31,328
1994[a]	17,871	8,923	2,583	848	852	31,077

[a] Estimated.

Source: Compiled by GAO from FAA data.

FORECASTS OF TOTAL AIRCRAFT OPERATIONS AT AIRPORTS WITH FAA'S TRAFFIC CONTROL SERVICE



Note: Aircraft operations are the airborne movement of aircraft in airport terminal areas as measured by aircraft arrivals and departures.

Source: FAA Aviation Forecasts: Fiscal Years 1993-2004, (FAA-APO-93-1, Feb. 1993).

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